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LGSETA
CREATING GREATER IMPACT

**REPORT ON THE FEASIBILITY STUDY IN USING SHARED SERVICES APPROACH TO
ENHANCE SERVICE DELIVERY AND FINANCIAL VIABILITY OF LOCAL
MUNICIPALITIES**

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EXECUTIVE SUMMARY

The shared services approach has become popular in local government systems, globally and South Africa, which seeks to enhance the quality and efficiency of service delivery. Nationally, local government is embracing the approach to improve performance in providing services to the citizenry following the recent uproar from communities regarding the provision of basic services such as housing, water, sanitation, healthcare, electricity, infrastructure, land, and economic development. This is due to municipalities facing challenges of sustainability, insufficient municipal capacity owing to a lack of essential skills (financial, IT, managerial), misplacement of skills, poorly structured community engagement and participation systems, lack of cooperation, limited knowledge sharing and political interference at the local level. Although shared services have been associated with successful quality service delivery with influence from international countries, this has not been the case, as the literature indicates municipalities that have applied this approach still grapple with challenges in providing communities with basic services. A mixed method approach was adopted to conduct surveys and interviews with various selected municipalities to have a better understanding of the role of SSA and its feasibility in local government in South Africa.

Regarding the international best practices on the feasibility of shared service approach, the study respondents shed less information as the concept is somehow new in the African and South African context. Despite the enactment of legislative and policy framework there has not been any consensus on how to institutionalize and operationalize the concept due to limited political and administrative will. Notwithstanding the demerits, the shared services approach could be duplicated in South African local government to assist municipal planners to share resources towards improving service delivery.

The analysis of findings has revealed that the shared services approach is emerging as a popular strategy for achieving cost savings, greater efficiency, and improved service delivery in the South African local government context. The findings from this section suggest that there is a growing interest in shared services among municipal officials, with many acknowledging its potential benefits. However, the successful implementation of shared services requires careful consideration of a range of factors, including change management strategies, stakeholder engagement, and the nature of back-office services considered for sharing. Apart from the few bottlenecks, the analysis of findings indicates that if properly implemented the shared services approach can be used strategically to respond to various service delivery demands in local municipalities.

The implementation of the District Development Model could be fundamental in the realisation of the Shared Services Approach. The analysis of quantitative findings has shown that the majority of surveyed municipalities to some extent prefer the District Development Model to be implemented to achieve municipal efficiency and support the attainment of SCCs. The same feeling was noticed in the analysis of qualitative findings as some participants confirm that their municipality prefers to share services such as local departments which is critical and also lacking in various local municipalities. So, by joining hands through the formation of the SCC, participants confirm that District Development Model can be implemented to realise the SCC. Apart from the strategic efforts surveyed municipalities embarked on in embracing DDM various challenges affect the implementation of DDM to achieve a SCC. These include findings unavailability of skills and improper institutionalization of the concept within the municipal setting. This portrays DDM as a complex and yet technical concept difficult to operationalise in local municipalities.

Regarding the role of LGSETA in advancing the Shared Service Approach both quantitative and qualitative revealed that, as mandated LGSETA has the capacity to transform the functioning of local municipalities offering training support, funding, monitoring and evaluation including playing an oversight role. By playing this role as suggested in the findings, LGSETA could be instrumental in enhancing financial viability of local municipalities while supporting service delivery mechanism. Although LGSETA may provide training initiatives there is a need for local municipalities in South Africa to align their workplace skills planning with the Shared services approach which is critical for obtaining quality training that may help solve service delivery challenges. On that note, municipal Integrated Development Plans (IDPs) and workplace skills plans (WSPs) need to speak to the need for skills enhancement which is also the target for LGSETA when supporting municipalities in South Africa

To realise the feasibility and achievement of the Shared Services approach, the study made the following recommendations:

- To ensure that the SSA is feasible in local government policymakers and business leaders need to implement effective change management strategies and investing in the necessary infrastructure and technology.
- The analysis of study findings revealed that implementing a District Development Model demands technocrats and visionary thinkers who see beyond service delivery. Attracting such a calibre of professionals has been hard in local government due to high turnover as employees tend to seek better working conditions in the private sector or emigrate to other countries. Retaining talent through talent management programmes is key to advancing the shared services approach in local government.

- The concept of SSC services does not have a universally accepted definition. There should be a clear description of services that can be shared and those that should not be shared. The constitution gives broad outline of such services. Detailed guidelines could be useful in helping municipalities that enter into shared services agreements.
- There is a lack of agreement among scholars and practitioners about what constitutes SSCs. Also, it is not clear which services could be shared, and which ones should not be shared. There should be a clear description of services that can be shared and those that should not be shared. The constitution gives broad outline of such services. Detailed guidelines could be useful in helping municipalities that enter into shared services agreements. There should be clear guidelines in the creation and running of SSCs. Policies should be formulated to encourage the municipalities to participate without taking away their autonomy.
- Findings from this study revealed that a significant number (24%) of the municipal officials are not familiar with the shared service centres approach. This study has shown that education and awareness campaigns should be implemented to improve understanding of the benefits and feasibility of SSCs. This could help to address the relatively high proportion of municipal officials who were unsure about the feasibility of implementing SSCs. To date, various education and awareness programs have been conducted by LGSETA, such as staff training and staff capacity building workshops.
- All three countries surveyed internationally have a legislative and policy framework in place at the national and in some cases at the provincial/municipal level to facilitate SSA. A well-defined legislative and policy framework, from national to the local government sphere should be in place to support SSCs at the local level. Additionally, the legislation that has a bearing on municipal governance and shared services has to be complied with, if mandatory or explored if optional. The legislative and policy framework for the SSA and SSCs has to be reviewed to determine whether it is adequate or there are gaps. The national COGTA in collaboration with provincial COGTAs should be driving the process with active support from the LGSETA and SALGA.
- It is suggested that the District Development Model (DDM) and specific mechanisms and strategies be used to facilitate the introduction of a Shared Services Approach (SSA) and implementing the District Development Model (DDM) and the development of Shared Services Centers (SSCs) especially within the identified districts that are clearly underperforming. The research should also focus on selected cases in every province, and the following key questions that are highlighted through this provisional literature and findings based on the desktop study (See Table 4). There are general

issues and questions that are associated with the current assessment of poor performance at the municipal level, and can be investigated as potential shared services opportunities, and SSCs could be focusing on the following priorities.

- The findings that emerged from this study revealed that, to enhance the prospects of SSCs in local government in South Africa, there is an urgent need to improve change management. The study identified that the local government needs to prioritize change management and ensure that staff are adequately trained and prepared for the changes that come with shared services.

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DEFINITION OF TERMS

Capacity: is the ‘how’ of development – “it is about strengthening the capabilities of people and the institutions so that they are able to efficiently and effectively meet the objectives, adapt to change and be resilient...” (Reddy, 2014:2).

District Development Model: an operational model for enhancing cooperative governance, designed to develop an ethical and well-capacitated developmental state where performance is higher, and there is accountability for effectual and coherent service delivery outcomes (COGTA, 2022).

District Municipality: A Category C Municipality with municipal executive and legislative authority in an area with more than one municipality, as defined in section 155 1 (c) of the Constitution (1996).

Local Government: the third sphere of Government in South Africa as detailed in Chapter 7 of the Constitution (1996).

Local Government: Municipal Structures Act 177 of 1998: provides for the establishment of categories/types of municipalities; the division of powers/functions between categories of

municipalities; regulates the internal systems, structures, and office bearers of municipalities; and stipulates the municipal electoral system to be used.

Local Government: Municipal Systems Act 32 of 2000: focuses on the core principles/ /mechanism/processes to facilitate socio-economic upliftment of communities; establishes a regulatory framework for municipalities to perform their functions and exercise their executive authority; prescribes the processes underpinning developmental local government namely public participation, integrated development planning, performance management/ reporting, resource allocation and organisational change.

Local Municipality: A Category B Municipality that has municipal executive and legislative authority in an area that has more than one municipality, as defined in section 155 (1) (b) of the Constitution (1996).

Shared Services Centre: the formation of a distinct and separate organisational unit in which support functions are the core business of such an organisation or centre (Palmer Development Group in Salo, 2009).

ACRONYMS AND ABBREVIATIONS

4IR	Fourth Industrial Revolution
AGSA	Auditor General of South Africa
BER	Bureau of Economic Research
BPM	Business Process Management
CIPA	Chattered Institute of Public Accountancy
CIPFA	Chartered Institute of Public Finance and Accountancy
CLR	Comprehensive Literature Review
COGTA	Department of Cooperative Governance and Traditional Affairs
DDM	District Development Model
DM	District Municipality
HR	Human Resources
ICM	Intellectual Capital Management
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IGR	Inter-governmental relationships
KMMC	KM Management Consultancy
KPIs	Key Performance Indicators
LDP	Local Development Programme
LED	Local Economic Development

LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
M&E	Monitoring and Evaluation
MDM	uMgugundlovu District Municipality
METRO	Metropolitan Municipality
MFMA	Municipal Finance Management Act
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NGO	Non-Governmental Organisation
NHS	National Health Service
NPM	New Public Management
NPS	New Public Service
NSDP	National Skills Development Plan
OPA	One Plan Approach
OSS	Operation Sukuma Sakhe
PIMMS	Planning, Implementation and Management Support
PIU	Poverty, Inequality and Unemployment
PME	Planning Monitoring and Evaluation
PMG	Parliamentary Monitoring Group
SALGA	South African Local Government Association
SCCs	Shared Services Centers
SCM	Supply Chain Management
SLA	Service Level Agreement
SS	Shared Services
SSA	Shared Services Approach
SSCL	Shared Services Connected Limited
TI	Transparency International
UK	United Kingdom

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INTRODUCTION

South Africa became a democratic developmental state on the 27 April 1994 and thereafter introduced a series of legislative and policy measures, as part of the restructuring and transformation of local government. However, municipal service delivery has been a challenge to date, as explained in the section below considering the District Model as a viable vehicle to manage some of these challenges. In addition, a large number of service delivery protests that has been taking place on a daily basis, and the concerns nationally bears ample testimony to this.

The history of district municipalities and major concerns in municipal governance as reported by a recent survey of the BER (2021) can probably be regarded as the bane of municipal governance in South Africa. It can be assumed that the district municipality model failed during the past twenty years, and will need systematic attention through a system of dedicated attention, application of the rule of law, consequence management, and a very strict compliance management by vertical structures in the constitutional and intergovernmental system in South Africa. One of the areas that may contribute to the improvement of local government, and require far more attention is the notion of municipal partnerships and the role of shared services mechanisms, and shared services centres (SCCs) in order to counter the lack of capacity and skills/competencies (education and training), filling vacancies (HR Management), poor financial and supply chain management (SCM) and contract management practices (developing financial expertise, internal audit capacity and compliance management), maintenance and repair works (training and deliberate engagements with service providers to maintain infrastructure) to be implemented at a district, ICM, and Metro levels. This requires careful consideration of the history, successes and failures of shared service and municipal partnerships to be documented and used in setting up such mechanisms in order to assist with municipal service delivery and development in SA.

Within this volatile context, local government has been endeavouring to enhance its efficacy and success within the limited capacity and inadequate resources. The District Management Model (DDM) and the associated Shared Services Approach (SSA) have been proposed as a possible strategy for enhancing the performance and improved service delivery at the local sphere of government in South Africa. It has been envisaged that district municipalities would be key to the process, as they would be playing a supportive role to local municipalities, and more significantly creating shared service centres (SSCs) countrywide in local government.

While the theoretical arguments of SSCs are compelling and defensible, their actual application at local government is limited in South Africa. There is a dearth of scholarly work on the functioning of SSCs. Consequently, our understanding of how they function is largely based on speculation and conjecture. Given this background, the proposed study seeks to answer the following questions:

- What does the concept “shared services approach” mean in the local government sector in South Africa?”
- Is it feasible to create “shared services centres” in the underperforming municipalities in South Africa to promote financial viability and service delivery?”
- Are there regional and international best practices on the “shared services approach?”
- What is the role of the District Development Model (DDM) in the “shared services approach?”
- How efficient and effective is municipal planning in the context of the “shared services approach?”
- What would be the role of the LGSETA in supporting the “shared services approach?”
- Are there strategies that can be recommended to support the dysfunctional and medium risk municipalities in establishing the “shared services centres?”

These questions will also finally be answered in the process of not only desktop literature studies on the topics, but also empirical surveys of selected municipalities, in attempting to answer some of these questions.

Methodology

While the broad conceptual framework has been outlined above, the study drew from three methodological strands that tie the overarching project together. Firstly, the data were captured using methods developed in the quantitative and qualitative biographical research tradition (see Plummer 2001). Firstly, the study drew on the Comprehensive Literature Review model (CLR) to explore and investigate the concept of the SSA in the local government sector and its international and regional best practices. Secondly, the study drew on empirical data gleaned through interviews, surveys, and focus group discussions (FGDs) to determine the feasibility of the SSA in the South African local government context. For the online survey, the study drew from 132 respondents across six provinces distributes as follows; 24 participants from KwaZulu-Natal, four from Limpopo, one from Free State, 18 from Gauteng, eight from Eastern Cape and 77 from Mpumalanga.

For the interviews purposive sampling was employed to draw participants from various local municipalities in South Africa. The composition of participants includes municipal managers, strategic services, senior managers, general managers, community and services managers. A sample of four municipalities was used for the KwaZulu Natal Province. This includes 6 participants from Msunduzi Local Municipality, one participant from Ulundi, four participants from uMzimkhulu and another one participant from Mhlatuzi local municipalities. From the Gauteng province the sample included one participant from Midvaal and another participant from Randwest Local municipalities. The respondents from the Eastern Cape province included one participant from Dr Kaunda municipality, one participant from Nelson Mandela metro and another one participant from Ntabankulu Local municipality. Mpumalanga sample included four participants from Ehlanzeni, one participant from Bushbuckridge and another participant from Matlosane local municipalities. For Limpopo province only one participant from Mopane municipality participated in the study.

For the desktop research, a Seven-Step comprehensive literature review (CLR) model was applied to address the research objectives and associated questions raised above as follows:

Step 1: Exploring an array of SSA belief systems, worldviews, philosophical research beliefs, discipline-specific beliefs, and SSA-specific beliefs and scholarly literature. Key terms associated with the shared services approach informed information searches.

Step 2: An SSA literature review further explored potential information databases and identify the most appropriate key terms to help focus the search.

Step 3: The storing and organising of identified SSA literature.

Step 4: Exploring what shared services literature was selected and what literature was deselected.

Step 5: Expanding the shared services literature search to include one or more MODES - Media, Observation(s), Documents, Expert(s), and Secondary Data.

Step 6: Analysing and synthesising SSA literature. This interpretive was a culmination of the analysis, evaluation, and interpretation of selected SSA sources, which lead to meta-inferences.

Step 7: The last stage was the communication which involved disseminating shared services literature through reports to the appropriate audience.

From the comprehensive literature survey, it is evident that much can be gleaned from international experiences, and that the main purpose of SSCs is to improve service delivery of all municipalities, and to ensure cost reduction through the increased use of shared

services. Such cost reduction is realised in the context of several challenges which the managers and political leadership should overcome, as elucidated in this literature survey, both from international experiences, but local concerns. From the literature it was also implied that the notion of shared services in local government, despite it being in operation for decades in several developed countries, is a relatively new phenomenon in the African and South African context.

The literature survey also concluded that the empirical part of this research should focus on exploring the notion and readiness of the leadership to introduce the shared services approach (SSA) and in particular shared services centres (SCCs). The focus being on surveying the lack of skills, the particular skill areas that will be the focus of a SSA in particular the Districts and in employing the DDM as a vehicle to facilitate shared services. This survey will also focus on the specific back-office services that could be implemented as 'low hanging fruits', and ultimately perhaps once the first phase of such SSCs have been concluded, to perhaps consider front-office and front-end services to be shared. In addition, the survey will also reflect on how shared services may be most effectively implemented, in line with the proposed models from the existing literature and presented in Section 1.

SECTION 1: THE CONCEPT OF SHARED SERVICES APPROACH IN THE LOCAL GOVERNMENT SECTOR AND ITS APPLICATION TO THE SOUTH AFRICAN LOCAL GOVERNMENT

1.1 Introduction

Local government plays a critical role in the transformation of South Africa because of its proximity to the people. However, its role in performing this function is impeded by a critical shortage of resources and capacity constraints (Moodley and Jooste, 2007). Consequently, several municipalities in South Africa are unable to discharge their constitutional mandate which derails the aspirations of citizens. Good Governance Africa (2022: 3) (Moodley and Jooste, 2007). Sharing of services in the public sector and local government is not entirely new. Moodley and Jooste observe that municipalities at district level are already exploring the application of the shared services albeit as an ad hoc strategy.

Research in other countries, particularly the advanced economies, has proven that SSCs at local government can be an effective way of delivering services (Bergeron, 2002; Elston, 2021; Janssen and Joha, 2006). While SSCs approach is theoretically defensible, there is a dearth of empirical evidence to demonstrate its feasibility and effectiveness in emerging economies such as in the South African local government sphere. While the approach is attractive, its application and implementation require full conceptual and pragmatic understanding. Its successful implementation in western countries was in contexts that are not similar to the prevailing historical, political and socio-economic contexts in South Africa. However, the drivers for the creation and implementation of SSCs are generally the same globally.

It is against this background, that the purpose of this section is to explore the concept of SSCs to determine its feasibility in South African local government. The section lays a foundation for other sections of the report that explore different aspects of shared services.

1.2 Conceptualising Shared Service Centres

There are various definitions of Shared Service Centers (Miles, 2011; Miskon et al., 2010; Moodley and Jooste, 2007; Paagman et al., 2015). To provide a conceptual scope for their study, Paagman et al. (2015: 111) use Bergero's (2002) conceptualization of shared services who sees it as "a collaborative strategy in which a subset of back-office functions are concentrated in a new semi-autonomous unit to promote efficiency, value generation, cost savings, and improved service delivery for the internal customers of the parent organization". First, this definition emphasizes cost reduction and efficiency through collaboration. Secondly, it illustrates that the outcomes of such efficiency should be improved quality of services. To

illustrate this definition, Paagman et al. (2015) use the Shared Services of the New Zealand Defence Forces case where the IT services of the Army, the Air Force, and the Navy were consolidated into one unit overseeing military-related IT functions in the 2000s. Such was also the case for the separate housing and property management that were also combined. In the context of South African local government, this could mean local and district municipalities consolidating back-office services such as IT, human resources, finance, and supply chain.

Paagman et al.'s (2015) conceptualisation of SSCs is barely distinguishable from Modrzyński's (2020) definition which captures the notion of shared service centre approach as a strategy of combining existing business functions to form a semi-autonomous unit. Modrzyński (2020: 2) says that "the organizational structure of that unit is mainly designed to ensure efficiency, create added value, reduce costs and provide services to internal customers the same way as in a business world that is focused on external market". Shared service centres take functions that are outside the statutory functions of the main organisations. Such generic services across organisations include IT, finance, and human resources. Modrzyński (2020) says that the combining of functions across organisation is made possible by the standardisation common tasks such as standardisation of records and accounting analytics. What is clear from Modrzyński's understanding of SSCs is the creation of a semi-autonomous unit which has links to different local and district municipalities.

Like Modrzyński (2020), Raudla and Tammel (2015: 158) define SSCs as the consolidation of support functions from several organisations into a single organisational unit which is supported by a sharing arrangement. Put differently, they view SSC as in-sourcing rather than out-sourcing. Although there are debates on what exactly constitute a shared service centre, Raudla and Tammel (2015) observe a general consensus among scholars on some elements. These elements include the consolidation of services, a new business unit, focus on services, and multiple partners. These views are barely distinguishable from Miskon, Bandara, Fieft, & Gable's (2010) conceptualisation of SSCs. Besides this, SSCs should have resources that are dedicated to the centre which is created through service level agreements or any form of contractual arrangement. These SSCs provide support services or functions that facilitate the core or missional activities of an organisation (Raudla and Tammel, 2015: 160). Some authors have used 'transactional' or routine activities and 'transformational' or professional knowledge based activities respectively to distinguish the two forms of activities (Schulz and Brenner, 2010; Selden and Wooters, 2011). For Schulz and Brenner (2010: 215), transactional services are amenable to a high degree of standardisation, entail low financial risks have significant potential for automation. The distinction between transactional and transformational activities is useful ensuring that municipalities continue to offer its

constitutional mandated activities such as those provided in *Chapter 7, Section 152(1)* of the Constitution which requires the local government to;

- (a) provide democratic and accountable government for local communities;
- (b) ensure the provision of services to communities in a sustainable manner;
- (c) promote social and economic development;
- (d) promote a safe and healthy environment; and
- (e) encourage the involvement of communities and community organisations in the matters of local government.

Based on Schulz and Brenner's (2010) conceptualisation of SSCs, these constitutionally mandated activities of local government cannot be given to SSCs. Only back office, 'transactional' or routine activities such as human resources, finance, legal services, and IT could be good candidates for SSCs in local government.

One useful way of conceptualising SSCs is to determine the nature of the relationship between parties sharing the services. For instance, Raudla and Tammel (2015) perceive the nature of SSCs as existing in two variants, vertical and horizontal. The vertical variant refers to the hierarchical relationship between subordinate organisations and its parent ministry while horizontal SSCs refers to organisations that are not in a hierarchical relationship that operate outside of the internal structure of the ministries. In the South African local government context, the vertical variant of SSCs might reflect the relationship between the national and provincial departments of Cooperative Governance and Traditional Affairs with the district and local municipalities. A more practical and effective vertical variant of a SSC could be between local municipalities and the district municipality (Moodley and Jooste, 2007). Based on Raudla and Tamme's (2015) perception of a horizontal variant of SSCs, local municipalities could create SSCs in which there are no power asymmetries. In many such cases, the decision to join or create a SSC is based on individual municipalities' discretion.

Experience has shown that organisations have used two concepts of organisational structure and management. These are centralisation and decentralisation (Modrzyński, 2020). The benefits of centralisation include the standardisation of implementation processes and increased integration and cohesion. Decentralisation, on the other hand, allows for adaptation of implementation processes to local needs (Ulrich and Grochowski, 2012). From these two concepts, Ulrich and Grochowski (2012) identify four options for designing an organisational structure. The first one is the centralised option where decisions are made by a central body but shared by all departments and units in an organisation. The second variant is the decentralised structure where decisions are made by each department or unit independently. The third one, which is important for the current discussion, is the matrix option in which

departments and units of an organisation independently share resources – shared services. Using HR examples, Ulrich and Grochowski (2012) illustrate how an organisation can use the matrix HR option through service centres, centres of excellence, embedded HR and Corporate HR. From this perspective, the notion of SSCs has been taking place in the South African public sector and local government in some cases at ad hoc basis.

In summary, the definitions of SSCs are a subject of extensive scholarly debates. It is important to have a clear definition what is meant by SSCs as it affects its formation and implementation. In spite of these debates, Miskon et al. (2010) present a comprehensive definition of SSCs that may capture the views of many scholars engaged in this concept. The elements are: consolidation; provision through new or merged specialised units; use of service level agreements; movement of services to SSCs; orientation towards provided services; and many internal partners. Modrzyński (2020) asserts that there is a general consensus among scholars that the SSCs provide ‘support services’ which are not core services [constitutionally mandated activities] to the departments they support.

Literature has shown the different key drivers and motives for the creation of SSCs (Elston, 2021; Janssen and Joha, 2006; Moodley and Jooste, 2007; Ulbrich, 2010) and as well as their types (Modrzyński, 2020). Understanding these factors in the context of South African local government is critical in the sense that it has a bearing on the success and challenges of SSCs. The next subsections explore these factors.

1.3 Motives for the creation of Shared Service Centres

Although SSCs reveal a number of similarities, the analysis of literature shows that they are different, but have related motives for their formation (Paagman et al., 2015; Tomkinson, 2017). While acknowledging that the main motive for shared services is the reduction of back-office costs, Paagman et al. (2015) list thirteen common motives identified in literature. Based on systematic literature review and in-depth interviews, they identified 13 categories of motives for shared services from 59 academic journal articles. Listed in the order of importance, these motives are:

- Cost reductions
- Improve quality of service
- Improve efficiency/effectiveness/productivity
- Access to external resources
- Standardize processes
- Focus on core competencies
- Concentration of innovation

- Improve customer orientation
- Exchange of internal capabilities
- Improve control
- Consistent management information
- Improve compliance with legislation and standards
- Mitigate risk

Additionally, Raudla and Tammel (2015) outline five motives for creating a SSCs that seem to encapsulate all the other motives for creating SSCs. These are cost reduction, improving the quality of support services, increase the customer focus in the provision of support services, enables the participating organizations to focus on their core tasks. The most dominant motive out of all of them is cost reduction which was mentioned in 51 of the 59 journal articles. The same motive was also mentioned in 11 of the 16 interviews with experts from different countries. Scholars argue that the reduction of cost would result from economies of scale. For instance, Raudla and Tammel (2015: 163) explain that cost reduction in SSCs are expected “to be generated through economies of scale and scope, reductions in duplication, elimination of redundancy in operations, created synergies and lower staff costs”. In local government, economies of scale would result from moving certain back-office functions from multiple municipalities to one SSC and the reduction of manpower. The evaluation of these SSCs in the UK shows that they are achieving improved effectiveness. Modrzyński (2020: 3) notes that SSCs have reduced administrative costs through the benefits of economies of scale, ‘improved the quality of public services, reduced the risk of management errors, and made better use of their human resources in the organization’. The implementation of SSCs was replicated in Poland where there were policy and regulation changes to allow the local authorities to create specialised shared services centers.

Additionally, the SSCs in local government results in the concentration and sharing of knowledge and expertise, exchange of internal capabilities and best practices, more effective knowledge management, and concentration of innovation (Paagman et al., 2015; Raudla and Tammel, 2015). At the backdrop of dearth of critical skills in local government in South Africa, exchange of internal capabilities and knowledge sharing would enable municipalities to perform their statutory functions more effectively. Knowledge sharing has been identified is one problem in the South African local government. Dikotla’s (2019) study show that while knowledge sharing is encouraged in local government, it is barely practiced. The study also revealed an insufficient information technology infrastructure to support knowledge sharing. A formally established SSC would invariably bridge such a gap.

What is noteworthy about SSCs in local government is that they free management and bureaucrats' efforts and attention from the transactional back-office functions to constitutional functions of service delivery at local government. Raudla and Tammel (2015: 164) point out that "since the management does not have to deal with the day-to-day operations of back-office functions anymore, they would have more time to concentrate on the main (substantive) activities". Importantly such functions would be performed at the SSCs which have a pool of expertise and resources. This notion would inevitably benefit many poorly performing South African municipalities.

A key motivating factor for creating shared service centres is the possible cost benefits, notably the savings resulting from the reduction in administrative costs, procurement in bulk and savings in duplication (Salo, 2009:35-37). Additionally, it has been pointed out that while a reduction in costs is central to the notion of shared services, another critical consideration is that it enables the government to concentrate on its essential task of delivering service to the populace. It also seeks to respond creatively to the critical lack of specialised skills and capacity in local government and fill that gap. It is envisaged that the SSCs could play a key role in enhancing capacity in some of the focus areas in local government, thereby ultimately contributing to the efficiency and effectiveness of local government (Moodley and Jooste, 2007:12). It is a given that district municipalities will be at the vanguard in terms of driving the process as both facilitators and coordinators and playing a supportive role in the local municipalities which constitutes part of their municipal jurisdiction. In this regard, the district municipalities have been allowed to play that supportive role to local municipalities as originally envisaged and serve as a possible stage and hub for managing the envisaged shared service centre.

Given that local municipalities are an integral part of the district municipalities, and there is already a collaborative relationship between the two, this will enhance intergovernmental relations between the three governmental spheres (Moodley and Jooste, 2007). The rural district and local municipalities have been experiencing difficulties recruiting professionals with more specific technical expertise in the South African context. This is likely to benefit the municipalities mentioned above in particular.

Globally, the notion of SSCs has developed conceptually, theoretically and in practice, both in developed and developing countries. It is viewed very simplistically as a structure through which actions and activities in the so-called 'back office' are collectively shared with the objective of effectual resource utilisation. The shared services categories include *inter alia* financial services, human resources, IT, internal audit, and procurement.

An understanding of the motive for creating an SSC is very critical as it has ramifications for its functioning and evaluation. The motive also determines the type and the way they are formed. The next section explores these factors in some detail.

1.4 Type and formation of SSCs

1.4.1 Horizontal or vertical SSCs

Raudla and Tammel (2015) in an Estonian central government SSCs case study identified two implementation variants that do not receive much scholarly attention. The two are vertical and horizontal variants. Vertical variant refers SSCs in organisation that have a vertical or hierarchical relationship such as national department and its relationship with provincial departments and parastatal institutions. In the horizontal variant, the SSC provides services to departments which are not in a hierarchical relation with it through cooperation (not subordination) on a cross-sector basis. The second factor to this is that it a method of delivering services to a public sector unit. At local government this can happen at an obligatory level where a district may take resolution to that effect or at voluntary level through service level agreement. The third element is time horizon.

1.4.2 Time horizon: in stages or big bang at one time

Drawing on Wagenaar (2006), Raudla and Tammel (2015) describe how SSCs can be analysed on the basis of how they were formed in terms time. They distinguish SSCs that were formed and implemented in a short space of time (big bang) from those that are created in phases over relatively long time (incremental). In terms of the big bang, municipalities would be required to establish SSCs for selected services in a short space of time. The implementation is fast. While this could, arguably, result in improved services and reduced costs, it may not allow time for learning and fine tuning. This problem may be solved by allowing a longer time of implementation in which decision makers can learn and fine-tune the implementation process. In South African local government, this can take place in two ways. First, few municipalities in a province or district may be chosen to pilot the SSCs with a few selected services. Second, all municipalities may be required to choose one service to be given at a SSC.

1.4.3 Obligatory or voluntary Shared Service Centres

One way of looking at SSCs is to determine if they are obligatory or voluntary. According to Raudla and Tammel (2015), the creation of a SSC can be mandated and made compulsory through legislation for municipalities to participate in it.. Conversely, participation in a SSC can be optional. Chapter 8 of the Local Government Municipal Systems Act (Act 32 of 2000) is clear on what and how the services should be delivered. Section 83 provides for the creation

of service agreements with other municipalities or external bodies. Section 82 (a) also provides for the establishment of a company or a corporate entity to provide municipal services. However, the Local Government *Municipal Systems Act (Act 32 of 2000)* seem to focus more on front-end services that are provided directly to the citizens. A legislation that speaks directly to the concept of SSCs is the *Local Government Municipal Structures Act* of 1998. Section 88 of that act which provides for the co-operation between district and local municipalities explains how such a relationship should exist. Section 88(1) of the *Local Government Municipal Structures Act of 1998*, for instance, makes it mandatory for the district and local municipality to cooperate. It states: “a district municipality and the local municipalities within the area of that district municipality must co-operate with one another by assisting and supporting each other”. Sections 88 (2) (a-c) are clear on the nature of back-office services that the local and district municipalities should share. These are financial, technical, or administrative support. While there is adequate legislation for the cooperation between district and local municipalities, the act seems to be quiet about the creation of formal SSCs. While the national government provides a framework for the governance of back-office services (Moodley and Jooste, 2007), creation or participation in SSCs by municipalities is not mandatory. However, as later sections show, the district municipality plays an important role in shared services in its jurisdiction.

From these analyses, Raudla and Tammel (2015) developed a typology of SSCs with eight different types. The eight types are broadly into two classes of either vertical (V) or horizontal (H). The other distinctions are on whether they are optional (O) or mandated (M), the last two distinctions are on whether they are incremental (I) or big bang in terms of their times frames of formation. This typology is captured in Table 1.

Table 1: Typology of reform models for creating SSCs

		Incremental	Big bang
Vertical	Optional	VOI	VOB
	Mandated	VMI	VMB
Horizontal	Optional	HOI	HOB
	Mandated	HMI	HMB

(Raudla and Tammel, 2015)

Raudla and Tammel’s (2015) typology of SCCs is useful in illustrating the legal context of the SSC as well as showing its structure and the pace at which it was formed. For instance, they

use VOI to show that a SSC was formed voluntarily at an incremental pace while it is vertical. This typology is not only useful for scholarly purposes but also for practical reasons in determining the types of SSCs that are desirable and feasible in the South African local government. In the context of the district municipality and its relationship with local municipalities, there appear to be a vertical relationship. However, regarding the relationship between local municipalities at their own level, a horizontal type of SSCs emerges. Understanding this typology is critical because each type has its own advantages and disadvantages.

1.5 Location and types of Shared Service Centres

There is not much literature on where a shared service centre should be located in a local government set up. (Moodley and Jooste, 2007) propose three types of shared SSCs which have a direct bearing on where such a centre should be located. The three types are independent entity, district agency and local agency. According to (Moodley and Jooste, 2007), the SSC can established as an independent entity outside of the purview of neither the district nor the local municipality. To a large extent, this is consistent with Paagman et al.'s (2015) conceptualisation of a SSC which view a it as a semiautonomous unit. However, it is important to note that such a SSC is not entirely independent as the municipalities that formed it have a say on how it is run. Figure 2 shows a pictorial view of how such SSC may exist in a district. Figure 1 shows the independent type of SSC which depicts a horizontal type of relationship.

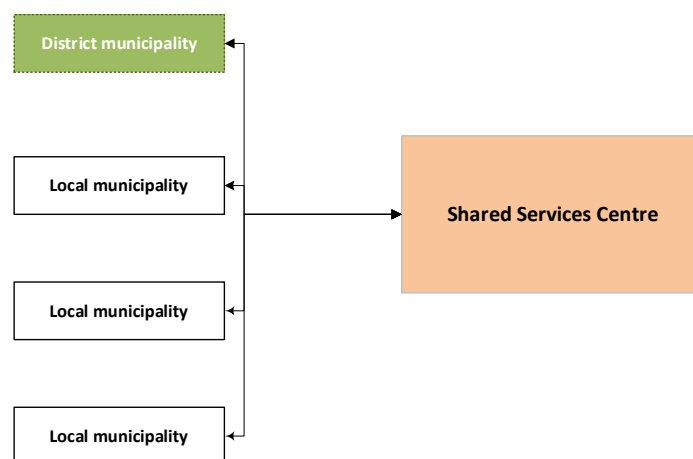


Figure 1: Independent agency

(Source: Adapted from Moodley and Jooste (2007))

The second arrangement that Moodley and Jooste (2007) propose is the District agency where the SSC is located and structured as part of the district municipality. This functions well when and where the district municipality is better resourced than the local municipality. Unlike the independent agency, the SSC has no autonomy as it is managed by the district municipality. The SSC works as an agency of the district municipality does not assist the less capable local municipality. The relationship between the district municipality reflects a vertical character as shown in Figure 2.

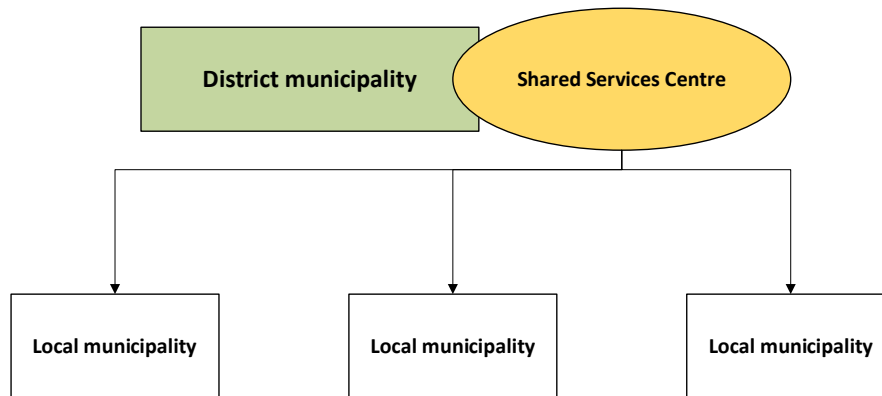


Figure 2: District agency (Source: Adapted from Moodley and Jooste (2007))

The third type of arrangement is where the SSC is structures part of the one of the well performing local municipalities. Moodley and Jooste (2007) call this local agency where the most capacitated local municipality manages the SSC and assists the district municipality and the other local municipalities which may lack such capacity. This kind of relation does not fit the vertical relationship that is often reflected in SSCs literature. Figure 3 shows the local agency structure and relationship.

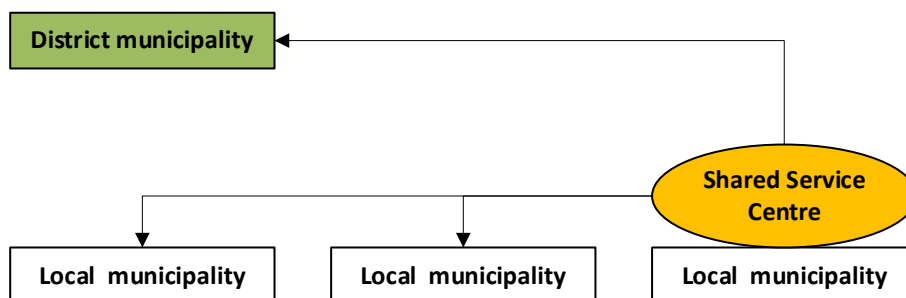


Figure 3: Local agency (Source: Adapted from Moodley and Jooste (2007))

While the characterisation of SSCs into the three types based on their location and functions is a useful analytical tool, the situation could be more complex than this. For instance, the roles of the provincial government and other state enterprises are not reflected.

In addition to the Moodley and Jooste (2007) suggested models for the implementation of shared services, shared services can also be regarded as part of a stage process of implementation, starting from back-office sharing, and progressing to front-office sharing, and finally sharing front-end services as indicated in Table 2.

Table 2: Shared services classification source

Back-Office Services	Front-Office Services	Front-end Services (Citizens)
Human Resources	Planning and Integrated Development Planning	Emergency Services
Information Technology (IT)	Performance Management	Infrastructure Development
Financial Management	Local Economic Development (LED)	Maintenance Services
Procurement	Planning, Implementation and Management Support (PIMMS)	Parks, Recreation and Environmental Services
Supply Chain Management	Municipal Infrastructure Grant (Programme Management Unit)	Water and electricity supply
Audit Services		Sewerage and solid waste services

Source: Adapted from Moodley and Jooste (2007)

This classification may be a good basis for deciding how to prioritise shared services, starting with back-office functions, and then progressing to front-office services, and then finally to consider how the sharing of services can also expand to ‘front-end’ services, or the services that benefit citizens directly. It is suggested that this study will focus on the realisation of sharing back-Office services to start off with, and may ultimately progress with the roll-out of the other stages of services sharing as the idea is embraced by municipalities.

1.6 Shared services in local government: Theoretical and conceptual framework

Paagman et al. (2015) trace the origins of the concept and practice of shared services to the late 1980s where large corporations combined their separate back-office functions such as accounting into one unit. Drawing on a comprehensive literature review, Paagman et al.(2015) observe that in the early 1990s, the practice of shared services spread to include back functions such as accounting and finance functions, IT ser-vices, human resource, customer

services, procurement, public administration, and asset management (Paagman et al., 2015: 111). Different terms used for shared services in scholarly literature include 'shared services', 'shared service organization' and 'shared services model'. Although called by different names, Schulz and Brenner's (2010: 210) characterization of shared services, Paagman *et al.* (2015) list seven distinguishing features of shared services namely: "Shared services is an organizational concept that: consolidates processes within the group in order to reduce redundancies; delivers support processes; is a separate organizational unit within the group; is aligned with external competitors; has cost-cutting as a major driver for implementation; is focused on internal customers; and is operated like a business". While accepting Schulz and Brenner's (2010: 210) conceptualization of shared services, Miles (2011) views it as an arrangement of providing services to group of clients which the inhouse functions. The newly established shared center is semiautonomous (see Figure 1).

Paagman et al. (2015: 111) trace the theoretical shifts in public administration that resulted in the practice and philosophy of shared services from the NPM which was centered on the orthodox of three Ds 'downsize', 'devolve' and 'disperse' (privatise and outsource). Informed by the principal agent theory, in which the agent enjoys the information asymmetry that exists, there is palpable level of mistrust between the agent and the principal. The desire for genuine cooperation, engagement and trust between stakeholders saw the emergence of the NPS underpinned by these key principles:

- Serving rather than steering
- Thinking strategically, acting democratically
- Servicing citizens, not customers
- Valuing people, not just productivity
- Valuing citizenship and public service above entrepreneurship

Based on these observations, Paagman et al. (2015) argue that the shift from NPM to NPS should result in less disbursement (outsourcing) to more inter-agency collaboration resulting in consistent quality service delivery. It is against this background that they see a clear fit between the NPS and shared services approach.

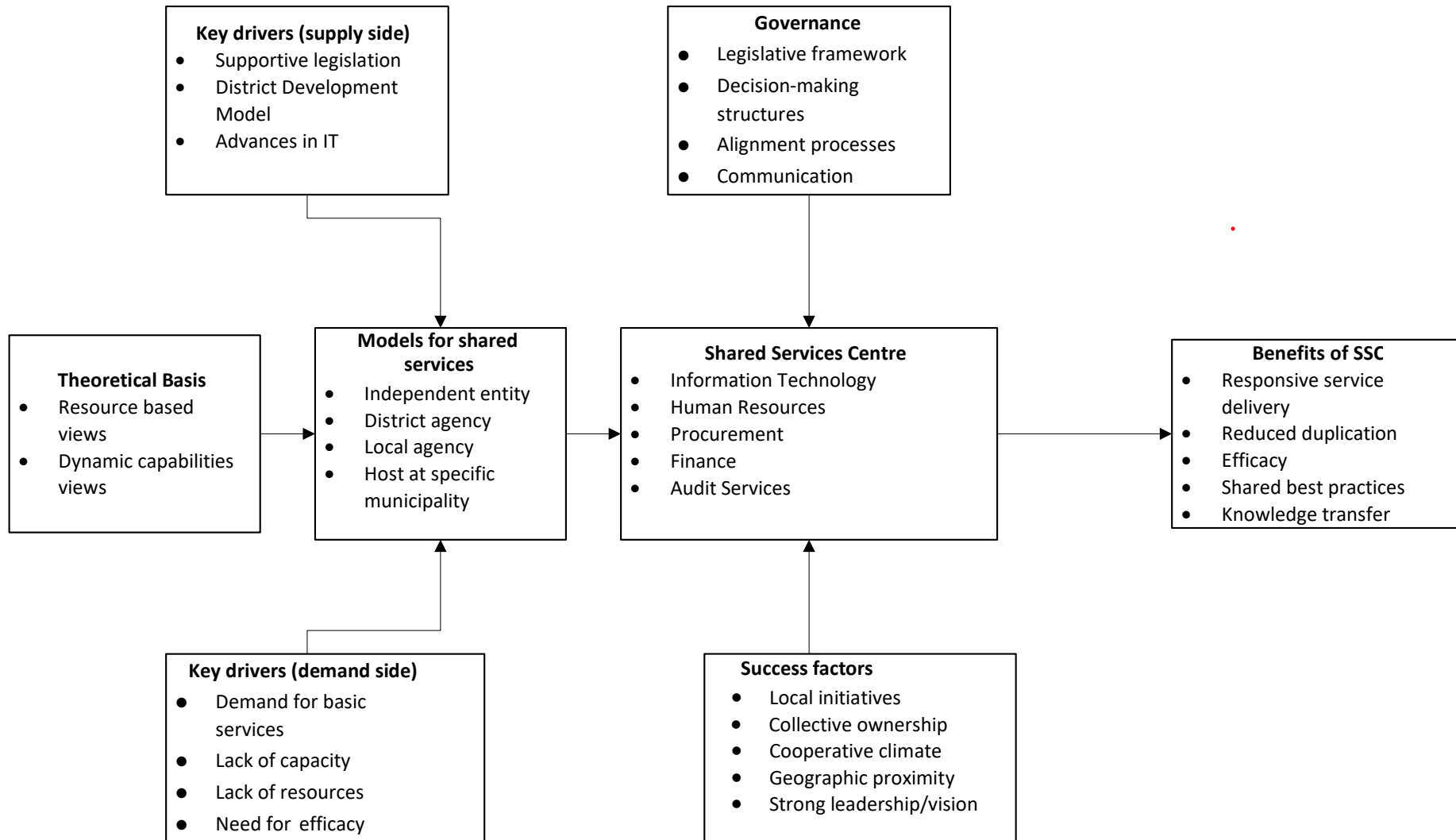


Figure 4: Conceptual framework underpinning shared services (Source: Authors' elaboration)

An extensive review of public administration literature shows that the concept of shared services is not entirely new. Drawing on Herbert and Seal (2012), Elston argues that the provision of generic services from a central point is unoriginal. Departments and ministries played this role before the 1980s in the hey-days of large, centralised bureaucracies. From this perspective, critics argue that shared services centers are an attempt to bring back centralisation through the back door. To them, shared services is a mere lexical change replacing historic terms such as 'centralised services' or 'common services' which can easily be dismissed as superficial rebranding. However, these notions, on one hand, fail to recognise that centralised bureaucracies exerted control over local management which inadvertently took away accountability for performance. Shared services, on the other hand, seek to achieve economies of scale and scope through collaborative partnerships rather than imposition (Herbert and Seal, 2012). In that sense, shared services approach develops "collaborative rather than controlling relations between providers and users" (Elston, 2021: 2)

1.7 Challenges of creating and operating Shared Services Centres

While benefits of shared services are not questionable, their implementation is not always smooth (Shahar et al., 2019; Figueiredo and Pinto, 2021; Knol et al., 2014). For instance, Knol et al. (2014) outline a taxonomy of challenges that SSCs are likely to face. These challenges are classified as organizational, managerial, and technological challenges. Regarding organizational challenges, Knol et al. assert that implementation strategy is a critical issue in the success or failure of a SSC. One hand, making it optional for municipalities join a SSC did not show and positive results. One the other hand, making it mandatory and applying external pressure for municipalities to join a SSC is likely to face resistance (Modrzyński, 2020). In fact, because these changes by themselves often puts stress on municipalities, both the management and operational employees may challenge the shift in support of the status quo.

Significant challenges of creating and implanting SSCs seem to reside in management. Knol et al. (2014) list eight management challenges. These challenges include alienation, diverse interests and missing shared mindset, incomplete business case/planning, lack of qualified personnel, poor change management processes, shadow staff or employees still doing functions performed at a SSC, shift of power and work (loss of influence), and transfer of personnel. The transfer of personnel is especially critical as it may result in physical relocation of a newly established SSC (Modrzyński, 2020). Lack of skills has been mentioned as one key challenge of SSCs (Knol et al., 2014), this is because "in many cases the skills that would be required in the new SSC are not the same as those required in the old structure" (Modrzyński, 2020: 200). In the South African context, this is where LGSETA and perhaps the National School of Government

can help such training should target both the SSCs staff and client organization staff who would need to appreciate and understand how to work with the newly established SSC staff (Raudla and Tammel, 2015).

The issue of accountability is widely cited as one key challenge of operating SSCs (Raudla and Tammel, 2015; Miskon et al., 2011). The re-organisation and shifting of functions from inhouse to a SSC disturbs the, for a moment, the existing lines of accountability and responsibility. Raudla and Tammel (2015) note that participating organisations will end up with some new forms of accountability lines which increases the chances of blame-shifting. However, such problems are likely to be more prevalent in the horizontal variant of SSC rather than the vertical one. There are less little grey areas of accountability in the vertical form of SSCs.

There is also an issue of standardization of services across centers. Raudla and Tammel (2015: 164) note that there is always a tension between “the need to offer customized services and the need to standardize both the processes and ICT solutions”. While standardization is central to the reduction of cost through the elimination of duplication and economies of scale (Miskon et al., 2011), it is likely to be unresponsive to diverse individual needs each municipality at a local level in the horizontal variant of SSCs. Because of that, standardize might be a form of centralization. This problem is likely to be severe in the big-bang implementation models which do not allow adequate learning time to both the municipalities and the SSCs staff.

Another challenge which can impede the creation and implementation of SSCs is the ‘shift of work and power’ which results in loss of perceived loss of autonomy (Raudla and Tammel, 2015; Knol et al., 2014). Management and people in positions of power might view the SSCs a threat to their authority, control, responsibility, and autonomy. As a result, the new SSC may not get buy-in from such managers.

The unbundling of back-office functions from the strategic functions of municipalities is, sometimes viewed as problematic as it may weaken to their transformational functions of service delivery. Raudla and Tammel (2015: 163) explains that the separation of transactional from strategic processes may limit the ministries or agencies’ access to “valuable information generated in a transactional process”, information which they would need to have “close at hand”. This problem is likely to be stark in horizontal and big bang SSCs.

A key success factor for SSCs is a uniform ICT systems and applications across different municipalities (Miskon et al., 2011). This implies that there needs to be standardisation of ICT as competing and diverse ICTs may impede the smooth running of the of SSCs (Knol et al., 2014). Local municipalities and the district municipalities would need to decide on a common ICT processes and applications for the SSCs to be successful.

The implementation of SSCs aims to reducing costs. One way of achieving this goal is removing duplication and redundancies. However, literature shows that “laying-off redundant employees is more difficult in government organizations compared to the private sector” (Paagman et al., 2015: 113). Laying-off workers in the South African local government is likely to be met with severe resistance, particularly in view of rising unemployment. Caution should be exercised in taking such actions.

Finally, literature shows that SSCs approach is a long-term strategy whose outcomes may not be realised in a short period except for the ‘low-hanging fruits’. Quick wins are not possible. Its ideals are lofty and may take long to materialise and bridge the gap between centralisation and devolved organisations (Elston, 2021: 23). Unfortunately, those would have reservation about the efficacy of SSCs may take this delay as an opportunity to criticise and derail its implementation.

The challenges listed here are some of the major ones recorded in literature. It is important to note that some challenges are starker in specific SSCs types or models than in others. Also, the effectiveness of change management determines the severity of the challenges of SSCs creation and operation (Raudla and Tammel, 2015; Janssen and Joha, 2006). Critical to overcoming challenges associate with the shift to SSCs are effective communication and stakeholder engagement. It is also important to note that studies highlighting the imperfections of the shared services approach have been criticised for their own imperfect methodological approaches such as imprecise measurement, selection bias, and lack of comparisons (Elston, 2021). This is not to suggest that their observations should be ignored but to point out that caution should be exercised when using such literature.

1.8 Evidence of shared service centres in South Africa

Internationally (United States, United Kingdom, Australia, France, Canada, New Zealand, Netherlands, Poland, Japan, and Germany), the literature on shared services seems advanced through conceptual, theoretical, and application lenses. However there is evidence of some challenges in terms of capacity development, accountability, loss of control, political and managerial issues, sustainability, and risk management issues (Noda, 2017; Tomkinson, 2017).

In South Africa, the notion of a shared services approach has gained traction, although it is still in its developing stages in terms of successful implementation as evidenced in the literature. Subban and Theron (2011) have highlighted evidence of shared services approaches such as the Gauteng shared services centre, known for its outstanding centralised support services to the local government (finance, technological procurement, and internal auditing). Salo (2009) also highlighted that the City of Johannesburg Revenue shared service centre and Gauteng shared services centre have been successful in terms of implementation. Shared services initiatives in

the Overberg and Central Karoo District municipalities are also evidenced to have potential in cost reduction at the local government level. In addition, other informal sharing of services is evident in KwaZulu-Natal by the Abaqulusi, Umphongola, Ulundi, Nongoma and Edumbe municipalities, which are jointly implementing the Municipality Property rates act (Reddy and Subban, 2010, as cited in Subban and Theron, 2011).

On the other hand, in a study by Salo (2009), the findings indicated that municipalities in the Overberg face under budget and staff capacity challenges. They have considered the shared services approach as a mechanism and have a framework in place to reduce costs, improve efficiency and quality of service delivery. However, they still grapple with time constraints related to implementing initiatives that carry on to next budget cycles, organisational transition related to management issues and upskilling of staff. In a study by Mphahlele and Zandamela (2021) on local government capacity development in the Bojanala platinum district municipality, challenges in capacity development of service delivery structures were investigated. The findings projected that there were challenges regarding interrelations and skills retention owing to political abandonment, poor communication and engagements between stakeholders that lead to weakened inter-municipal cooperation and misuse of resources. The study pointed towards the importance of the interface between learning and skills development in addressing the challenges.

1.9 Summary

The literature highlights that the foundation for quality and efficient, cost-effective service delivery is a clear “legally defined framework, defined authority, accountability, and relevant skills development and training” initiatives (Jacobs, 2020:1). Jacobs (2020) emphasises that the relevant skills development training is an important component because proper training leads to adequate staff performance that ultimately contributes to enhanced organisational productivity.

This section sought to present a conceptual overview of the SSCs, explaining the different definitions, theoretical underpinnings, motives, and challenges of creating and implementing them. It is apparent that the main motive of SSCs is cost reduction. Such cost reduction is realised in the context of several challenges which the managers and political leadership should overcome. Admittedly, the scope of the section did not cover the sharing of front-office services or the services that municipalities are constitutionally mandated to provide. The omission is deliberate because such concept is extensively covered in other literature source. The rest of the report will use this section as a conceptual backdrop and conceptual lenses to explore international and regional best practices of SSCs, discuss the role of the District Development

Model in the realisation of SSCs, determine the efficacy of municipal planning in the context of SSCs and establishing the role of LGSETA in the supporting the SSCs.

SECTION 2: SHARED SERVICES: A REVIEW OF INTERNATIONAL EXPERIENCES AND BEST PRACTICES

2.1 Introduction

Globally, a key consideration in the SSA and SSCs is the conceivable total benefits that could accrue from the process, notably the resultant savings from the reduction in administrative costs, procurement in bulk and the reduction in duplication. The SSA and SSCs has been in existence in developed countries for several decades and the experience has varied, depending on the justification for the existence of shared services and the local circumstances. There has been good and bad experiences as well as highly cited best practices which can be reviewed and reflected on in terms of taking the process further in South African local government.

It does seem that district municipalities seem to be at the vanguard of the process, as either implementers and enablers, facilitating and coordinating, and playing a supportive role to the local municipalities which constitutes part of their municipal jurisdiction. In this regard, the district municipalities have been given an opportunity to play that supportive role to local municipalities as originally envisaged, as well as serving as a possible stage and hub for managing the envisaged shared service centre.

Given that local municipalities are an integral part of the district municipalities in South Africa, and the fact that there is already a collaborative relationship in place between the two, this will enhance intergovernmental relations between the three governmental spheres (Moodley and Jooste, 2007). In the South African context, the rural district and local municipalities have been experiencing difficulties recruiting professionals with more technical expertise, and this is likely to benefit more specifically the above-mentioned municipalities.

The notion of a shared services centre has developed globally conceptually, theoretically and in practice, both in developed and developing countries. It is viewed very simplistically as basically a structure through which actions and activities in the so called “back office” are collectively shared with the objective of effectual resource utilization. Generally, the categories of services that would be shared includes *inter alia*, financial services, human resources, IT, internal audit and procurement.

2.2 United Kingdom

2.2.1 Background and context

According to Cllr Gary Potter (Local Government Group, 2011), the then Leader of the South Holland District Council, the notion of doing more with less is actually brought alive by the Shared Services concept, as it reduces duplication of expenditure and effort, thereby releasing funds from back office processes to front line services. He adds that services need not be shared with other local authorities, but also with other public sector organisations, as well as the private and ngo sector. The increasing implementation of shared services arrangement with other organisations in the public, private or even community and voluntary sector seeks to lessen duplication, ensure greater financial benefits and enhance customer services. However, there has to be a change in the mindset of local authorities generally, not off course mentioning the senior and executive municipal functionaries.

The push for shared services in the UK came in the form of different waves; although there is some overlap in the waves, they were all distinct. The first wave came in the form of the 1974 restructuring of local government (Local Government Act of 1972) and the second was ushered in when the Labour Party pushed for value in public services in 1994. The third was created by local authorities themselves where several highly publicized partnerships changed the landscape, and convinced many people that there was a need for a fundamental change in the manner in which services were rendered. This in turn paved the way for the fourth wave, which by and large was based on the attempts by the Labour Party to enhance local authority services by sensitising, local authorities, cooperation and the imposition of targets through the Gershon Report and the National Procurement Strategy (Tomlinson, 2016).

In the United Kingdom, local government has paved the way in the state sector with the joint delivery and discharge of municipal services through the concept of shared service arrangements. In this regard, the ratepaying public has saved an amount of approximately 1.34 billion pounds in productivity and efficiency through 626 partnerships nationwide. Additionally, the Shared Services Map of the Local Government Association of the United Kingdom also benchmarked almost 200 billion pounds in efficiency savings during the period 2018/2019, underscoring the point that local government has been the highest performer in the public sector (Local Government Association, 2022). In this context, Lord Porter, Chairperson of the Local Government Association for the period for 2015-2019 pointed out that municipalities have prioritised efficacy and innovativeness comparatively in the public sector, and consequently that has enabled them to be in the lead relative to cost effective service delivery. He added that municipalities sharing philosophies and ideas and working collectively together has resulted in efficiency savings of one billion pounds

that have in turn assisted local government to endeavour to protect local services and at the same time respond to recurring funding constraints (Local Government Association, 2022).

Several considerations are forcing local authorities to consider creative and innovative approaches for the discharge of services deemed to be either frontline or back office. The policies of government, customer expectations and grants are viewed as the external drivers, and the internal drivers are *inter alia*, enhancing service quality, reducing costs, accessing the best technology and attracting and retaining capable and trained staff (CIPFA, 2010:11).

It seems that in the UK, the shared services strategy has widespread support and been become a key component of the routine activities of local authorities nationally. The key consideration revolves around enhancing performance and ultimately service delivery as the needs and aspirations of local communities are addressed by municipalities. Co-procurement seemed to have yielded the most savings through shared services activities followed by shared back office services and management teams (Local Government Association, 2018).

The notion of shared services is currently an integral part of the daily activities of municipalities in the majority of countries globally. The key consideration is enhancing performance and services as municipalities are performing at their maximum to respond to the needs and aspirations of the local residents. Co-production was rated highly across all the countries in terms of cash savings (Local Government Association, 2022).

Savings can be generated in diverse ways through *inter alia*, ensuring economies of scale; circumventing duplication; fixed assets being used to the maximum and growing purchasing power resulting in increased procurement savings.

The benefits of sharing can be summarized as follows (Local Government Group, 2011: 8):

- increased investment in more advanced IT systems as the operations of the
- partners are pooled;
- best practices are factored in service delivery partnerships;
- prospects to restructure services to ensure that customer needs are responded to;
- enhancements in service performance to respond to service times;
- prospects to facilitate new ways of working and management measures, and;
- more stimulating, diverse work for staff, supporting recruitment and retention

The sharing of management services at the local level cannot be construed as an end in its self, but one of several strategies wherein local authorities can achieve their strategic goals. This then paves the way for a range of options to be considered, including amongst others, what is hoped

to be accomplished; the services and functions being revised and the responses of political parties. Largely, the choices available to local authorities includes, ending a service or function, thus providing the private and non-governmental sector to take over service delivery; re-engineering internal service provision; outsourcing the function or service or embarking on shared management or service delivery (Local Government Group, 2011: 12). Advocates of the notion of shared services believe that there are hardly any local authority services that cannot be shared, if the local circumstances were apt for that approach to be pursued. In this context, aspects that need to be factored in includes key questions such as how will sharing benefit this particular service; and will those benefits only accrue through the sharing of services. Presently, the major consideration is to achieve economies of scale.

According to MacFarlane (Local Government Association, 2012:5 and CIPFA, 2010:6), some of the non-financial gains that have accrued from shared arrangements are:

- Staff motivation has remained constant despite organizational change;
- Recruitment/retention of staff is less complicated as organizational arrangements
- are developed that creates job opportunities and new career routes and the
- prospects of learning from others;
- Improved investment and innovation opportunities by sharing resources across
- sectors. There is enhanced operational resilience as there is greater depth and
- breadth of skills inhouse rather than relying on the private sector which is more
- expensive;
- having the required scale to accessing the best technologies, business processes
- and management, through having the required scale;
- service quality enhancements by utilizing the above to change service delivery;
- Ensuring that users have contact with specialist staff and the latest information systems and technology.

2.2.2 Typology/categorisation of shared services

Tomlinson (2016:14) identified the following types of shared services experiences in British local government:

- Intraservice model based on a simple method which covers limited share service choices such as regional procurement models.
- Service model which is formalistic allowing the local authorities involved to relinquish control to the local authority which is the provider as the “lead council” relative to service specification; control of the budget and legislative statutory service responsibilities.

- Corporatist Model where two or more local authorities enter into a joint plan to discharge a service at a level agreed on jointly where expenses/costs are negotiated and mutually agreed on;
- Super-corporate model where two or more constituent local authorities create a special vehicle to provide a distinct service, using diverse organizational forms, i.e. a not for profit organization; limited liability partnerships; joint venture company and company limited by share/guarantee;

It is a given that the type of or category of shared services will depend on the local needs and circumstances.

2.2.3 Legal aspects of shared services

In the case of the UK, there are a number of legal provisions that facilitates the sharing of municipal services and they can be summarized, as follows (Local Government Group, 2011: 17):

- Local authorities are, in terms of section 101 of the Local Government Act of 1972 empowered to, subject to other legislation to other local authorities, and the former will be held accountable in the final analysis;
- Joint committees can be created by local authorities sharing functions in terms of Section 102 of the Act. Participating local authorities have to sign a legal agreement and there are many joint committees in place for *inter alia*, building control;
- highways; museums; revenue and benefits and a range of waste services.
- Local authorities can also enter into agreements with other local authorities to place an official at the disposal of the other local authorities to discharge certain responsibilities of the latter, in terms of section 118 of the Act.
- Health bodies working in collaboration with local authorities can pool their financial resources, in accordance with of the National Health Services Act (section 75) to provide an integrated health service from frontline to management (Local Government Group, 2011:17).

An area of concern is the lawfulness of local authorities who have to share functionaries who have to discharge statutory roles and responsibilities. In terms of the law, all local authorities have to, in terms of the legislation appoint a head of the paid service; financial management official (in terms of section 151 of the Local Government Act of 1972) and a monitoring functionary tasked with ensuring the lawfulness and neutrality of municipal decision making to ensure compliance with rules/ codes and foster good governance and high ethical and moral standards.

Local authorities are other public institutions and formations of lawmaking are expected to act in terms of the law and discharge functions as expected by law. Consequently, it is imperative that there is early engagement with the legal advisers so that any possible legal impediments will be addressed early in the process (CIPFA, 2010:89).

2.2.4 Models in shared services

There are a variety of models for shared services in the UK, each having its own advantages and disadvantages and additionally suited to different local circumstances. The models can be summarised as follows (CIPFA: 2010:30-33):

- **Insourced SSA.** Simplistically, common services, processes and related services are clustered into one service operating component within the structure, with its distinct service level agreements, management structure, and relationship management roles which has to be created to constitute the commercial interface between the internal clients and SSA. This an appropriate model for public institutions which are large. There are no external bodies involved and the local authority decides how it wishes its processes and services to be designed.
- **Public – Public SSA.** In the case of District Municipalities, the most evocative shared services model is the public model. In this case, two or more local authorities are initially part of the process, which could include *inter alia* health and fire bodies set up a SSA. This could be done through a variety of mechanisms, which to a large extent is dependent on the partners involved; goals of the collaboration and the legality of the operation. Attention by way of example is invited to a lead authority model, where a service will be discharged by one local authority to another or alternatively there is a joint service, formalising an arrangement where local authority partners delegate tasks for providing a service. A legal entity does not have to be created in this model; however, the choice of involving any partners that are not in local government are excluded, and the possibility for service trading is limited. In both models, that is, the lead authority and joint services models, the processes/services will usually be sited at one local authority and discharged to others. Local authorities pooling resources, and benefitting from the high quality knowledge in each, would then enable the SSA to generate profits, as the emphasis would be on costs reduction and enhancing the value of discharged services. The governance activities would be restricted to the participating local authorities, responding to their needs as customers. Irrespective of the model adopted, it is a given that this model will have limited access to private capital than their public-private counterparts, as well as shared services expertise and experience to draw on.

- **Public Private SSA.** This partnership consists of a supplier organization as a commercial partner, who for all intents and purposes would have the knowledge and practice of creating a shared services initiative or could be a managed services or technology company. This partnership is very similar to the previous model, with one significant variance in that it could draw on the commercial partner's technical expertise and financial resources, that is the best technological innovations and practice process designs. However, it should be noted that given the context, the business priorities and the governance structures would be markedly changed as the private sector is driven by profits; however, there would be lower risks associated with this.

2.2.5 The need for a service delivery and management framework

In practice, a service delivery and management framework is generally required to ensure that the customer's needs are addressed, and more importantly it is in line with the Service Level Agreement. Service management implies meeting on a regular basis with customers in possibly customer forums to critically review earlier performances, discuss and monitor enhancements to meet approved targets for specified timeframes. The service delivery and management framework would be constituted of the following key activities, namely:

- **contract management:** guarantee that the terms of the contract are being adhered to and the requisite action taken, if required to do so;
- **quality control:** to monitor service outputs/processes daily;
- **process improvement activities:** to enable change and respond timeously to non-compliance;
- **Service Level Agreement (SLA):** suitable SLAs has to be developed which equally details the role/responsibilities of the customer and service provider;
- **Performance Reporting of KPIs and Balanced Scorecards:** has to be frequent to guarantee communication between the SSA and customer;
- **Customer satisfaction surveys:** to quantify customer satisfaction levels; and
- **Governance Boards:** prioritise new services/possible improvements and investments and evaluate overall performance in totality through bi-annual quarterly meetings (CIPFA, 2010:97).

There are several dimensions that makes a move to shared services difficult and these aspects have been highlighted by CIPFA (2010), namely the content and process of work; technology and

information used; organizational structure; job roles and grades; location; employment relationship and branding.

As local authorities move towards shared services, there should be an understanding of where each partner is currently relative to six key dimensions, namely the procedure for in scope organisationally; governance arrangements; service delivery systems utilized; quality assurance structures and efficacy systems and the supportive technology used. The baseline level of services will be a critical factor in determining the measure of the challenge in moving towards shared services (CIPFA, 2010: 18).

The level of maturity has been classified according to four distinct categories, namely basic; standardized; stabilised and optimized, as demonstrated in Table 3 (CIPFA, 2010:19).

Table 3: Maturity of service at four different levels

Figure 2.2 illustrates how maturity might be defined at four different levels along each of these dimensions (from Basic and Standardised, to Stabilised and Optimised). Appendix A2.1 provides further support for assessing service maturity along these dimensions, and highlights the evidence to look for in categorising where each partner’s service is.

	1 – BASIC	2 – STANDARDISED	3 – STABILISED	4 – OPTIMISED
Processes	Processes are decentralised and subject to potential non-achievement of service delivery to an acceptable standard	Processes are standardised and centralised but shared service concepts are not yet adopted	Shared service is in place as a concept but processes are still operated ‘as-is’ (ie not yet redesigned in the SSA) and subject to quality and productivity issues	Shared services have reached a good level of maturity and processes used are attaining best practice performance
Delivery systems	Systems are not common and basic in nature, with little integration	Systems are standardised and centralised but shared service operating concepts are not yet adopted	Shared service is in place as a concept but systems are still operated ‘as-is’ by the SSA	Shared services have reached a good level of maturity and systems are attaining best practice performance
Quality assurance	Quality checking is unstructured and subject to potential risk of processing failure	Quality assurance is a standardised process and centralised but shared service concepts are not yet adopted	Shared services are in place as a concept but quality assurance is still applied ‘as-is’ by the SSA	Shared services have reached a good level of maturity and quality assurance is well embedded and achieving best practice results
Governance arrangements	Governance is unstructured, with no clear lines of responsibility and accountability	Governance is standardised within a common, centralised structure but shared service concepts are not yet adopted	Shared services are in place as a concept but Governance is still applied ‘as-is’ by the SSA	Shared services have reached a good level of maturity and governance is well embedded and achieving best practice results
Efficiency mechanisms	Efficiency mechanisms are decentralised and ad hoc in nature	Efficiency mechanisms are standardised and centralised but shared service concepts are not yet adopted	Shared service is in place as a concept but efficiency mechanisms are still operated ‘as-is’ by the SSA	Shared services have reached a good level of maturity and efficiency mechanisms are helping to drive best practice performance
Technology support	Access to technology support is limited and unsophisticated	Technology support mechanisms are standardised and centralised but shared service concepts are not yet adopted	Shared services are in place as a concept but technology support mechanisms are still operated ‘as-is’ by the SSA	Shared services have reached a good level of maturity and technology support mechanisms are helping to drive best practice performance

(Source: CIPFA, 2010:19)

There are lessons that can be learnt from local authorities embarking on shared services. It is imperative that local authorities have a deep understanding of their performance (both in terms of quality and cost) and where the institution is placed in terms of the scale of benefits if the local authority has to enter into a partnership and also in the context of best shared practices (CIPFA, 2010:28).

Local authorities that are intent on sharing services need to find suitable and the requisite partners numerically to share with. There are distinct examples of local authorities sharing, apart from district councils in the UK (Local Government Group, 2011,24):

- across governmental tiers in county areas e.g. Huntingdon and Cambridgeshire District Council which operates a shared call center;
- with fire, police, health and other service providers and even between the local authority and health trusts, with management which is shared and a joint venture to discharge back office services; and
- with individual private companies or through wider partnerships. Attention by way of example is invited to the South West One Partnership between the county and district councils, the police and IBM providing shared back office functions and referred to as to Somerwest.

2.2.6 Key principles in shared services collaborative governance

CIPFA (2010:6-7) has outlined certain distinct principles that will facilitate collaborative governance for shared services:

- there should be initiative, drive and firm leadership from the management of the the local authority;
- the shared services partners should have a detailed knowledge and understanding of where each of them is relative to performance/cost prior to having themselves benchmarked with peer organisations/institutions and even potential partners;
- there is no right choice for any path relative to the sharing of services;
- collaboration models/vehicles will vary with individual circumstances being factored in;
- the fundamental procedures will have to be reduced/institutionalised when services are shared, prior to consolidation into a single service;
- parties collaborating have to migrate to a single IT platform to eliminate the complexity and incompetence created by multiple systems (human resources and) finance);
- not all processes/procedures are open to shared services. Sharing of services is significant strategically and it is imperative it be adapted to respond to local needs;
- shared processes/services will either have to be “transaction or rules based “– involving standard repetitive activities that can be clustered to promote efficiency or competence based, creating a centre of expertise with specialist skills as part of a single unit.

- as well as redesigning work for a transfer to a shared service, the roles and responsibilities in the retained organization will also have to be reserved to establish an effectual client function.
- the opportunity arises to put in place an entire service delivery and management framework, in the broader context of a Service Level Agreement, the creation of a service delivery culture, training/support and customer feedback systems.
- Risks, legal issues, political will and commitment to invest has to be responded to in a managed way.

2.2.7 Political challenges and barriers to shared services

Success factors are defined as those “whose existence imply a benefit to the Shared Services initiative and/or factors that are critical to employ the level of success experienced”. Failure factors are defined as factors that contribute towards failing to meet the intended objectives and/or that may cause total and partial abandonment of the project” (Grainger in Miskon, Bandara, Gable and Fielt 2011).

It is imperative to steer clear of organizational and party politics, and if it cannot be overcome, then perhaps the alternative is to look elsewhere for another shared services partner. However, it is also possible that the shared services philosophy and a firm belief in the efficacy of services will in fact remove any impediments and in the final analysis deliver financial and political dividends. Consequently, it is a given that any successful shared service will not only be dependent on a technical solution, but also more importantly respond to the political challenges. In this context, some of the factors that are critical for the choice of partners for shared services are highlighted below (Local Government Group, 2011, 24):

- **Politics:** the institutions/organisations and its leadership have aspirations and ideas that are similar and at the same time have respect for their differences. The capacity of local authorities to work together in partnership as a collective efficaciously is not only linked to party politics;
- **Culture:** the institutions/organisations that are working together should have a similar modus operandi and their expectations relative to conduct and performance should be the same. This could also be an opportunity to transform the culture of working and processes of conducting business;

- **Geography:** the opportunities for sharing in some cases could also be linked to geographical considerations. It will be problematic to ensure the success of a shared service where the staff have to travel long distances. There are certain barriers to shared services and they can be summarized as follows (Local Government Group, 2011: 29 and CIPFA, 2010: 20-23):
- **Stakeholder Management Issues:** the fear and uncertainty of change and in the case of elected members, it is the loss of political control. Additionally, employees could also have fears like possible loss of jobs and the introduction of the private sector. The key actions needed are creating cross party consensus on building partnerships; highlighting areas of common interest; and the role that sharing can contribute to community and strategic objectives. The mechanisms used have to be unpacked, namely contracts; governance and service level agreements. Staff should at an early stage in the process be engaged to identify collective interests and values.
- **Strategic Context:** the vision for steering shared services will be contingent on a diverse choice of background issues, internally and externally equally, including *inter alia* the policy positions adopted by the central government. Change options have to be explored and strategic plans and programmes examined to establish how shared services can be supported.
- **Vision/Communication:** a clear collective vision has to be developed in terms of shared services.
- **Change Management:** sharing of services will necessitate new skills and resources in terms of a new modus operandi of working.
- **Systems/Processes:** new systems and processes/procedures and supportive technologies has to be introduced in the context of changes.
- **Service Culture:** there is an assumption that shared services will result in changed behavior and attitudes in the broader context of customer service. There should be some training and development in the broader context of customer services.

- **Organisational Culture:** there are also broader issues around organizational culture that needs to be addressed, namely cross silo working; teamwork; continuous improvement and performance management
- **Leadership/Staff Development:** where major strategic change is needed, the leadership of the local authority is important. Additionally, there has to be effective human resources management.
- **Working Partnerships:** local public services provision will require collaboration between different entities and this will require a clear plan and vision with a view to guaranteeing that the principles/goals of the joint partnership is defined clearly.
- **Procurement and Legal Issues:** this may involve creating a new legal entity or managing a protracted procurement process.
- **Funding/Access to Other Resources:** there has to be some investment (both cash and kind), and additionally the partners have to generate new resources and develop a new funding model.
- **Business Case for Change:** the business case has to be strong, robust and justify the need for change and should be revisited if necessary.

Additionally, Ramphal (2013:6) highlighted the following challenges of shared services, namely:

- limited top management attention, as the profits are generated by the business units and this the focal point of attention;
- Lack of focus on improvement as more time is spent by internal service providers on services enhancement to customers. The priority appears to be on functional expertise/processes in their own service unit;
- Overreliance on technology requires substantial capital investment and also could have the effect of losing the “human touch”;
- Absence of costing systems could result in much disparities and inequities in the calculation of chargebacks, given the dearth of effective cost accounting systems in shared services;
- Success of shared services is difficult to measure due to *inter alia*, it being an essential part of the institution, but not strategic; relationship between business units

and shared services operation should be a partnership and not a customer supplier relationship; a proper matrix is usually functionally and process based; and continued enhancement is not always viewed as a naturally embedded process.

- Incompetent leadership; poor scope; supercilious visions; poor communication and training and uneven levels of development are still challenging areas.

The IT system should be compatible and there should be a certain degree of alignment between the human resources policies/practices. The notion of shared services should not be restricted to neighboring municipalities, although it does make business sense in the case of certain municipal services like refuse removal. Attention by way of example is invited to the Greater Manchester Area in the UK where a single economic development entity was created (Local Government Group, 2011: 25). However, in principle it is advisable to focus on where the capability is located rather than where the local authorities are located.

It is also preferable to work with an existing shared services partnership as opposed to commencing with something completely new. Additionally, it should be noted that the merger and incorporation of municipal services does make provision for the private sector to be part of the partnership, and this is a perfect opportunity to counterbalance financial risk and working costs (Local Government Group, 2011:26).

There are at least three distinct instruments that can be used to facilitate shared services at the local sphere of government and they have been underscored by CIPFA (2006:9-14 and Local Government Group, 2011:32) as follows:

- **Joint Working:** partners consolidate functions within existing institutions, and it commences with merging internal services within a single unit, across all organisations. Collaborative partners act independently and assumes responsibility for the service internally. Attention by way of example is invited to a situation where the participating local authorities negotiate jointly with supplies, but manage their own procurement staff;
- **Principal partner-led**, wherein one partner assumes the responsibility for the others, and;
- **Third party**, where the structures participating decided to create another organizational unit to provide services at arm's length

Local authorities will have to consider the sharing mechanisms that will be in place as it also has long term implications. Additionally, on the same issue, some local authorities raised concerns

about the legality of conducting business with the new entities and this underscores the need to be compliant with the legislation (CIPFA, 2006:39).

The shift to shared services and management in the case of certain local authorities, is an integral part of a broader strategy to ensure service delivery transformation. There can be major changes in a limited time leading to the notion of a “big bang approach”. Comparatively, the sharing of services is the resultant effect of the direct result of taking advantage of openings to enable change, through for example vacant posts due to normal staff attrition. Although there is an inclination to move towards sharing, the strategy adopted can be described as organic (Local Government Group, 2010).

Local authorities will have to make the decision as to which system will be practical for them, factoring in opportunities for sharing, their capability to achieve change and most significantly whether the requisite skills are in place to operationalise shared services. Local authorities will have to train the required staff to manage shared services or will alternatively have to seek the required technical expertise externally (Local Government Group, 2010:40).

2.2.8 Good governance and shared services

Shared services collaboration will be more successful and inspire greater confidence if the governance system is strong and robust. The roles and responsibilities and associated accountabilities need to be clearly delineated, discrete and correctly defined so that each of the partners in the shared services project is fully acquainted and apprised individually at each stage of the shared services cycle. Clearly defined governance arrangements that are in place should build an understanding and the resultant trust to ensure operative effective working arrangements, relative to setting resource requirements; monitoring delivery and discharge of services as per the service level agreements and the performance indicators/targets; (CIPFA, 2010:77).

Irrespective of whichever arrangement has been chosen, the following twelve basic tenets should be observed, namely effective/transparent decision-making; collective commitment/integrity; legal compliance; visibly demarcated areas of responsibility; secure data sharing; balance of public/private sector interests; representation for smaller formations; consistent/clear leadership; direction setting/prioritization; emphasis on customer outcomes and robust communication and solid external links (CIPFA, 2010:80).

2.3 Canada

The Canadian Government introduced shared services on 4 August 2011, with the principal goal of combining its networks, data centres and emails. This was the resultant effect of a propensity to centralise IT services that was followed by the provinces of Quebec, British Columbia and Ontario in Canada, and the USA Federal Government as well as states like Texas in the USA. In a report commissioned by the Canadian Department of Public Works and Government Services and released in December 2011, a recommendation was made by PriceWaterhouseCoopers for integrating government data centres, and this provided the impetus in this regard (Wikipedia, 12 April 2022).

According to Mullins (BPM Institute), shared services can be a creative choice to transform sluggish commercial operations, more specifically in public sector organisations. The public sector has seen IT emerging as a priority in discussions as public institutions make difficult choices. When control/compliance is a critical consideration, centralised services are likely to be more effective. However, shared services alternatively have been deemed to be more efficacious where growing levels of culpability for value conception has been underscored by the leadership of an institution. According to Mullins (BPM Institute, nd.), there are certain distinct benefits in implementing a shared services model and they are detailed below:

- Uniformity of business processes/best commercial practices;
 - Improved excellence/flexibility as services are accessible as shared services through multiple geographic locations/delivery channels;
 - Greater accountability for approved levels of service, thereby allowing knowledgeable decisions on value relative to services quantity/quality;
 - Ensuring cost effective services/sustainable efficiencies through financial prudence;
 - Freeing human capital to ensure enhanced client service actions, with operational units at liberty to focus on their core activities;
 - Greater use of more innovative technology intensive solutions;
 - Enhanced scalability of installed solutions for service/geographic changes;
 - Heightened collaboration/co-operation with external partners to promote strategic growth of cross institutional support services;
 - Decreasing the geographic footprint of IT systems/applications/infrastructure thereby ensuring business continuity/resilience;
 - Responsive to commercial needs for concerted learning/knowledge transfer staff with the skills/desire have to optimize the model beyond the back office;
 - Leaders to focus on strategy, often depending on shared services for legal/regulatory clearance;
- and

- Judicious decision support allowing analysed data to be delivered as legal/ dependable business intelligence

2.3.1 Legislative/policy framework for shared services

The Shared Services Canada Act of 2012 facilitated the sharing of services in Canada through consolidation and standardization by creating a single shared services entity. It will enable those services to be provided more efficaciously and in the final analysis ensure the efficient use of money. A Department has been created referred to as Shared Services Canada with a view to supporting the Minister in providing services as per the mandate (Government of Canada, 2022). The Minister has appointed a Chief Executive to manage the Department and additionally a President and Executive Vice – President of Shared Services Canada (Shared Services Canada Act of 2012)

2.3.2 Implementation challenges in shared services

The typical agency established to provide shared services is generally combined in a larger department, as a separate organization with limited independence, autonomy and authority, resultant from the Congressional legislation that directs and finances its activities. The head of the agency has to provide leadership and manage it effectively thereby ensuring that the key goals/objectives relative to its congressional mandated tasks are achieved. The involvement of inter-agency whole of government kinds of activities is often viewed as a mandate which is not funded, frequently being of less significance than a leader's crucial responsibilities and roles (Mullins, BPM Institute, undated). All participating institutions/organisations have to be moving in the same direction and more importantly with equal if not more resolve to success, if inter-agency programmes have to be efficacious. Operative governance is imperative in inter agency shared services execution activities, thus ensuring that all contributing partners are involved in key choices. The governing structure for its part has to *inter alia*, support the shared services design scheme; legalise the change management style and respond to all key operational matters (Mullins, BPM Institute).

Some of the challenges faced relative to shared services is the perception by the key role-players of the apparent fear of loss of control. More specifically, the leadership is mindful of the risks faced by the organization, not off course mentioning their own personal risks in terms of their leadership and continued governance. They are entrusting the provision of services to an external provider, wherein they cannot guarantee efficiencies or cost savings and at the prospect of an opportunity

cost, relative to flexibility and control of loss which is immeasurable (Mullins, BPM Institute). A critical risk in implementing a shared services enterprise government – wide is that one or many role-players in the process may adopt a zero-sum mindset when the actual structure of the initiative or game is a non – zero sum (i.e. the collective best available result is healthier than what can be realized by one an agency acting on its own. Consequently, the beneficial and positive support of all the leadership and their willingness to work as a collective and their administration/management of the risks therein are all prerequisites for an efficacious shared services enterprise. In the absence of this, the project will be challenging from the time of commencement (Mullins, BPM Institute).

The government of Canada has pointed out that current IM and infrastructure has not kept pace with technology to support unemployment insurance, maternity benefits, old age security and taxes, which the citizenry expect of their Government, an enterprise approach is being pursued which will *inter alia*, solidify network and security; empower and train staff to work as a team and support partner application to serve the citizenry better. This will in turn require a close working relationship to be developed with the Treasury of Canada Secretariat, public services, partner departments and Procurement Canada (Government of Canada, 1 December 2020). The unit costs have been reduced over time due to economies of scale attained with the modernization/consolidation of infrastructure; however, general costs continue to increase due to the rise in the demand for services (Government of Canada, 2022).

2.4 Australia

2.4.1 Background and context

The financial unsustainability of Australian local government has prompted a move in a new policy direction. However, the structural reform that was proposed in terms of forced amalgamations has not worked, and furthermore has not achieved the desired objectives that were initially set out. There were various methods of improving operational efficiency over the years, with a particular emphasis being placed on enhancing infrastructural maintenance and replacement (Dollery and Akimov, 2008:89). It seems that amalgamations have been an alternative to investments in shared services and has been less than successful in an Australian context, as it has not solved the problems of financial sustainability. It seems that organizational reform under the pretext of enforced amalgamations has not responded to the envisioned goals and objectives initially detailed in reform strategies.

2.4.2 Legislative basis and policy framework

The states and the Northern Territory in Australia have its own legislative and policy framework to govern shared services in local government as to what they can and cannot do. The enabling legislation in the individual states are the Local Government Act 1993 (Section 383); no provision; Local Government Act 1910 (Section 9) ; Local Government Act 1995 (Section 3.61); Local Government Act 1999 (Section 43); Local Government Act 1993 (Section 30); Local Government Act 2008 (Section 27) in New South Wales; Victoria; Queensland; Western Australia; South Australia; Tasmania and Northern Territory (Somerville and Gibbs, 2012: 23)

Six shared resource sharing arrangements identified were (1) governance, compliance and audit services (11) town planning; environmental health/development assessment (111) waste management (1V) back office operations (V) shared use/physical assets purchase (V1) access to IT services (Dollery and Akimou, 2009). The empirical research conducted was based on surveys or case studies, not on standard econometric service by service analysis. It was based on the domestic empirical experience of thirty-four municipalities which were examined. The findings highlighted *inter alia*, the following, only a minority of municipalities achieved savings; the possible fiscal reimbursements were not the only motives for embarking on shared services. There were other factors, notably the enhancement of the choice and quality of services discharged to the local citizenry; and there was no new resource sharing initiative cases (Dollery and Akimov, 2008:89)

According to Dollery, Akimou and Brynes (2009) shared services seeks to enhance service provision and reduce costs. The concern noted in an Australian context, was that there no political/economic justification for this method of service delivery. Additionally, there was no comprehensive examination of alternative shared services delivery models and the disregard for available empirical evidence was also highlighted.

In the Australian case, there are seven non-financial and financial benefits of shared services and they can be summarised as follows: coordinated services and enhanced standards and legislative compliance; access to skills/expertise; lesser staff costs; best practice exchange; enhanced community outcomes; procurement savings from scale economies (Valle De Souza and Dollery, 2011:3). The services that were recommended for co-operation included *inter alia*, IT; payroll and rates.

Byrnes in Dollery, Akimou and Brynes (2009: 209) pointed out that rural and regional local authorities could operably could “either pool or share resources provision on a regional basis” in “fire protection”; “emergency services”; “health administration and inspection”; “noxious plants”; “museums”; “water and wastewater”; “tourism and area promotion” and “saleyards and markets”.

2.4.3 Models for shared services

The Brighton Council advanced its Common Services Provision Model in 2007 as a strategy for generating additional revenue and supporting other municipalities to manage their operations. Very basically, it signifies a model for sharing resources whereby the Municipality delivers high level professional services locally, notably IT, finance and planning. The reasons that have given rise to this is that in a large number of municipal jurisdictions, municipalities have difficulties recruiting and retaining the requisite staff, as well as the challenges of complying with the regulatory requirements of state entities (Valle De Souza and Dollery, 2011:3).

The model is very simple in the sense that the provider local authority provides the local authority requiring the service or a variety of services at an approved price with requisite details on the type, complexity and term of the service in question. However, according to Vally De Souza and Dollery (2011: 6), several pre-conditions has to be met prior to the Model being a success, namely responsive relations between the two participating local authorities at both political and staff levels; open and forthright discussions/deliberations between the participating local authorities and they should not feel exposed or susceptible; experience has demonstrated that the model can develop and mature over a period of time; participating local authorities with similar culture and local needs denotes an appropriate match and fit and they need to decide which functions are to be done by their internal staff; certain essential and the majority of functions viewed as non – core can be delivered externally or through shared service centres; services must be discharged on marketable terms agreed to by the two or more parties; many services can be discharged at the least with a regular “on site presence”, with additionally platforms/systems which are shared.

The benefits of the Model can be summarised as *inter alia*, enables the participating local authorities to discharge professional services of a high standard; facilitates succession planning; provides critical back up staff at all levels; it is generally not affordable by local authorities which are smaller; both participating local authorities derive financial benefits, one saving costs and the other generating income; participating local authorities can learn lessons, choosing the best arrangement and system; economies of scale results in a decrease in administrative costs; use of “paraprofessional staff” enable the professional and technical staff to focus on more high level

work; can respond to a recipient local authority often flexible and distinct needs over a particular period (short, medium and long term); decreases level of risk experienced across all levels by recipient local authority; grows specialised professional relationships with information and knowledge of agencies/government departments and develops good insight of competences of consultants from the private sector (Vally De Souza and Dollery, 2011: 8-9).

Five district councils around the Sydney metropolitan area, namely Hornsby; Wyong, Lake Macquarie, Parramatta and Randwick jointly pooled their resources and purchased a very innovative IT system for 54 million pounds which incorporated technology from ten vendors over a 10-year period. It was estimated that there was an overall saving of at least 120 – 140 million pounds, which translated to 4% of gross expenditure over a payback period of 5 years. There was a common set of challenges faced by the local authorities, namely the need to deliver municipal services electronically to customers; the need for increasing integrating with back end systems across the local authorities and the need to generate extensive management information from the system (Tomlinson, 2016). The potential benefits from the system has been estimated as enhancement of financial management and reporting as 20%; major improvement in the conspicuousness and managing of service request; human resources administrative efficiency increased by 20%; smarter procurement of goods and services resulted in a savings of 10%; efficiency of purchasing processes improved by 30%; new systems and proactive management of assets resulted in a 40% reduction in customer calls; system generated letters and documentation gave rise to significant efficiency gains; the time and effort to process development applications reduced by 40% (from 90 to 39 days); change in the attitude of customers given the easier access to services (Tomlinson, 2016).

The features of local government functions that were flexible to the notion of outsourcing, service centres or independent specialist providers were acknowledged as high supplier readiness; high economies of scale; low core capacity; low task complexity; highly specialised technology and low asset specificity where a contract viewed as limited term does not necessitate the purchase of an expensive asset by a service provider.

Allan in Dollery, Akimou and Brynes (2009: 209) points out in his study of shared services models that there is no real justification why most essential communal services, in addition to backroom support services could not be discharged by a central administrative unit managed by several municipalities. He additionally put forward two conditionalities, namely performance agreements with a shared service centre that stipulates specific rights and obligations should be negotiated

by individual local authorities (b) a board of directors representing each of the participating local authorities should govern a shared service centre.

According to a KMMC report cited in Dollery, Akimou and Brynes (2009: 215), the overwhelming evidence locally and internationally points to the fact that there are definite performance gains and savings in costs to be realized through shared services, but they additionally pointed out at the same time that creating a shared service requires substantial upfront investment. The following local government services, namely finance; human resources; information technology; rates/billing; procurement and call centres were acknowledged as being pertinent in terms of shared services. Dollery, Akimou and Brynes (2009:218) add that whilst the cautious application of the shared services policy could generate some savings, it is certainly no panacea for the challenging state of financial sustainability faced by Australian local government generally.

The success factors can be viewed as those whose presence denotes an advantage relative to the shared services initiative embarked or factors key to enhancing the level of service experienced. In contrast, issues of failure contributed to achieving the envisioned objectives and or that may result in fractional neglect of the plan. Miskon, Bandara, Gable and Fielt (2011) point out that there are nine success factors, namely strong IT; real change management; active communication; integration within silos first; meaningful sharing; robust project management practices; management support and approving a greenfield slant. The reasons for failure include *inter alia*, limited acceptance of high upfront investment that is required; potential staff retrenchments being poorly managed; staff arrangements which are inflexible; no mandating and implementation which is rather lengthy.

Table 4: Comparative shared services between leading countries (Source: Authors)

	Australia	Canada	United Kingdom
Motive/Drivers	Financial unsustainability of local government: structural reform. Forced amalgamations has not worked. Shared services enhance service provision and reduce costs (Dollery and Akimov, 2008).	Combining networks, data centres and emails. Propensity to centralise IT services: integrate government data centres (Wikipedia, 12 April 2022)	Doing more with less. Value in public services. Policies of government; customer expectations and grants (external) and enhancing service quality; reducing costs; accessing best technology and attracting/retaining best/capable staff (CIPFA, 2010:11)
Services being shared	Governance; call centres and rates/billing; environmental health/development assessment/town planning; waste management; back office operations; shared use and purchase of physical assets; access to IT services; compliance and audit services; human resources; finance and procurement; (Dollery and Akimov, (2008).	IT networks, data centers and emails (Wikipedia, 12 April 2022); networks and end user services related to information technologies and substantial cyber security role in partnership with other security departments/agencies (Government of Canada, 2021)	Building control; highways; museums; waste; health; call centres; refuse removal;
Legislative/Policy /Institutional Frameworks	States and the Northern Territory has its own legislative/policy framework to govern shared services: what local government can and cannot do. Enabling legislation in individual states are the Local Government Act 1993 (Section 383); no provision; Local Government Act 1910 (Section 9); Local Government Act 1995 (Section 3.61); Local Government Act 1999 (Section 43); Local Government Act 1993 (Section 30) Local Government Act 2008 (Section 27) in New South Wales; Victoria; Queensland; WA; SA; TAS and NT (Somerville and Gibbs, 2012: 23) respectively	Shared Services Canada Act of 2012: through consolidation/ standardization by creating a single shared services entity. Department referred to as Shared Services Canada: supporting the Minister. A Chief executive/ President/Executive Vice – President of Shared services Canada appointed to manage the Department.	Sections 101, 102, 118 of the Local Government Act of 1972 and section 75 of the National Health Services Act (Local Government Group, 2011:17)
Models/Types	Common Services Provision Model introduced by Brighton Council in		Insourced Shared Services Agency; Public-Public Shared Services Agency

	2007: generating additional revenue/ supporting other local authorities to manage their operations. Signifies a resource sharing model: local authority provides high level professional services, notably IT, finance and planning (Valle De Souza and Dollery, 2011:3).		and Public Private Shared Services Agency Types Joint working Principal led partner Third party (Local Government Group, 2011:17)
Benefits	<p>Reduced staff costs; exchange of best practices; procurement savings from scale economies; access to skills/ expertise; enhanced community outcomes; improved compliance with legislation/standards and co-ordinated services (Dollery, Akimou and Brynes, 2009:209).</p> <p>Financial management/reporting enhancement increased by 20%; conspicuousness and managing of service request improved considerably; 20% increase in human resources efficiency; savings of 10% in smarter procurement; 30% improvement in efficiency of purchasing processes; 40% reduction in customer calls due to new systems/proactive management of assets; efficiency due to system generated letters/documentation; reduction of 40% (90 to 39 days) in effort/time for processing development applications and attitudinal change in customers due to services being easily accessed (Tomlinson, 2016)</p>	<ul style="list-style-type: none"> - Standardisation in business processes/ practices - Enhanced quality/flexibility of services - Greater accountability for agreed service levels; - Fortifying sustainable efficiencies and cost services through economies of scale - Human capital release to concentrate on customer relations and operational activities - Safeguarding the use of more state of art technologies and more powerful results - Enhancing organised solutions scalability, which can be readily adapted for service scope/ geographic changes - Enhanced collaboration/co-operation with outside partners to enable the provision of support services cross institutionally. - Lessening the physical foot print of IT systems, infrastructure/ applications thereby 	<p>Increased investment in more advanced IT systems due to pooling; embracing best practices in service delivery partnerships; opportunities to redesign services to ensure needs of customers are met; enhancements in service performance to respond to service times; more stimulating, diverse work for staff, supporting recruitment and retention (local Government Group, 2011:18)</p>

		<p>improving business resilience and continuity.</p> <ul style="list-style-type: none"> - Responding to the requirements of the corporate sector for joint learning and transfer of knowledge. Staff with the requisite desires/skills are needed to augment the model past the back-office. - Leaders have the time to concentrate on the plan/strategy, while also counting on shared services for regulatory/legal clearance - Judicious decision support allowing data analysed to be delivered as actionable and reliable business intelligence (Mullins, BPM: undated). 	
<p>Success factors</p>	<ul style="list-style-type: none"> - Strong IT; real change management; active communication; integration within silos first; meaningful sharing; robust project management factors; management support and adopting a greenfield slant (Mikson; Bandara; Gable and Felt, 2011). - Performance agreements should be the subject of negotiations between individual local authorities and shared services centres stipulating certain obligations/rights - a board of directors representing each of the constituent local authorities should govern the shared services centre (Dollery, Akimou and Barnes (2009:209) - Success factors are those which denote a benefit for the shared services initiative or issues critical to enhancing the level of 	<ul style="list-style-type: none"> - The respective shared services partners have to travelling on the same route with an equal resolve to prosper. - Effective governance is needed in implementation efforts - Beneficial and positive support of all the leadership and their readiness to work collectively together (Mullins, BPM Institute: undated) 	<p>Local authorities should have a deep understanding of their performance (qualitatively and cost wise) and where institution is in terms of scale of benefits if local authority is to enter into a partnership, relative to best practices (CIPFA, 2010:28)</p> <p>Local authorities intending to share services need to find appropriate partners to share with (Local Government Group, 2011:24).</p>

	service experienced.		
“Big bang approach” or incremental			
Barriers	Potential staff retrenchments being mismanaged; poor acceptance of high upfront investment; inflexible staff arrangement; lengthy implementation and no mandating (Mikson; Bandara; Gable and Felt, 2011).	- A zero sum mindset could be assumed by role-players when the real structure of the game/initiative is a non – zero sum (best shared available result is better than that realised by a single agency (Mullins, BPM Institute: undated)	Steer clear of organisational and party politics Content and process of work; technology and information used; organisational structure; job roles and grades; location; employment relationship and branding (CIPFA, 2010)
Challenges	The concern noted was the lack of a well-articulated political/economic rationale for shared services. Limited analysis of alternate shared services models and the disregard for available empirical evidence was highlighted.	- Perception by key role-players of apparent fear of loss of control: personal risk in terms of continued leadership and governance. Services entrusted to external service provider: efficiencies/cost savings cannot be guaranteed (Mullins, BPM Institute: undated)	Politics Culture Geography (Local Government Group, 2011: 24) - Limited top management attention as focus is on business units; - Lack of focus on improvement – focus on own customers; - Overreliance on technology requires major investment; “human touch lost”; - Absence of costing systems - disparities/ inequities; - Success of shared services difficult to measure - essential but not strategic: not

			viewed as a partnership
How are Challenges mitigated?	<ul style="list-style-type: none"> - Performance agreements with a shared services centre that stipulates specific rights and obligations should be negotiated with individual local authorities - The participating local authorities should each have a member to represent its interest on of the governing board of the shared service centre (Dollery, Akimou and Brynes (2009:215)) 	<ul style="list-style-type: none"> - Operative governance is key to cross cutting agency services implementation, thereby ensuring that all shared services partners are involved in critical decision-making (Mullins, BPM Institute: undated) 	<ul style="list-style-type: none"> - initiative/drive/firm leadership from executive management; - detailed knowledge/understanding of where each of them are relative to performance/cost prior to partnership; - fundamental procedures have to be reduced/institutionalised when services shared, prior to consolidation into a single service; - parties collaborating have to migrate to single IT platform to eliminate complexity/incompetence due to multiple systems (human resources/finance); - processes/shared services has to be transaction or rules based <ul style="list-style-type: none"> - involving standard repetitive activities that can be clustered to promote efficiency or competence based, creating centre of expertise with specialist skills as an integral fragment of a solitary unit; - additional to restructuring work for transfer to a shared service, the responsibilities/roles in the retained institution will also have to be retained, to develop a client function which is effectual; - opportunity arises to put in place an entire service delivery and management framework, in

			<p>the broader context of a service level agreement with a focus on service delivery culture, training and support and customer feedback systems; and</p> <ul style="list-style-type: none">- Legal issues, risks, political will and commitment to invest has to be managed responsively (CIPA, 2010:6-7).
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2.5 Summary

The notion of shared services in local government, despite it being in operation for decades in several developed countries, is a relatively new phenomenon in the African and South African context. While there has been a legislative and policy framework in place to set up shared services centres at the local government sphere for more than two decades, it has not been taken to its logical conclusion in terms of the creation of successful and well operating shared services centres in the country. There has to be strong political and management will, and additionally firm and decisive action to ensure that SSCs are up and running and responding to the service delivery challenges at the local level. Lessons, both positive and negative, can be learnt from both the developed and developing countries and they can be contextualized taking cognizance of both local needs and circumstance. Perhaps shared services centres will indeed prove to be the panacea for some of the ills of local government in South Africa, and they will in the final analysis have the desired impact relative to efficacious and efficient service delivery.

SECTION 3: THE ROLE AND IMPORTANCE OF THE DISTRICT MUNICIPALITIES AND THE DISTRICT DEVELOPMENT MODEL IN FACILITATING SHARED SERVICE CENTRES

3.1 Introduction

Local government in South Africa has been in a process of transition and transformation since 1998, and specifically the advent of the White Paper on Local Government, and the respective policy frameworks and associated legislation pertaining to the effective management of restructured local government sphere. Local government in South Africa is suffering from a whole array of dysfunctions as a result of not only the history of local government reform, but also the failure to embrace the provisions for the effective and efficient implementation of local governance, and systematically implementing strategic interventions. In addition, it has to be stated that the history of South African separatist policies or Apartheid based communities have created huge challenges and vexing developmental questions. Local government has always been viewed as the sphere of government that will need to address these historical imbalances, and contribute to the effective management of the dire inequality, unemployment and poverty situations in many regions. Apart from the fact that the restructuring of local authorities was devised to create different categories of municipalities, to represent communities, and then effectively to group or cluster these municipalities into districts, very little was done in the early years to ensure that the inter-governmental frameworks between national, regional and local government effectively monitored and supported the developmental challenges and agendas of these districts. In addition, it would appear that even in the districts, many of the local municipalities did not really

collaborate and cooperate in a manner that would optimise their resources, and ensure integrated development implementation in their districts. In most districts except perhaps for the metropolitan districts, it would appear that little or no integrated planning was done on the production of relevant, valid and reliable data sets, even though for many years local municipalities produced documentary evidence integrated development plans (IDPs). Hence, the adoption of the District Development Model in 2019, as a concerted strategy of the national government to ensure that municipal planning and implementation of IDPs would certainly benefit from improved intragovernmental and intergovernmental functioning.

3.2 The DDM History of Conception and Instruments for Implementation

The DDM was primarily developed by a government “think-tank” to solve the problems of local governance and in particular the silos that were created as a result of distances between levels and spheres of government experienced at both the horizontal and vertical level. In other words, to bring local municipalities together in managing the district, and to ensure it is done in liaison with government at provincial and national levels. The DDM was adopted by the SA Government Cabinet on 21 August 2019, and it was agreed during this meeting that it would be experimentally adopted in two district municipalities and one metro municipality.

The President in the 2019 Presidency Budget Speech (2019) “identified the ‘pattern of operating in silos’ as a challenge which led to lack of coherence in planning and implementation and has made monitoring and oversight of government’s programme difficult”. (COGTA, 2020:1)

The consequence of this practice left unattended for many years has been the non- optimal delivery of services to many communities and the poor or reduced impact on what can be regarded as the bane of many communities in South Africa, the triple challenges of poverty, inequality and unemployment (PIU), that are the major challenges addressed in the NDP.

In addition, the President suggested the rolling out of “a new integrated district-based approach to addressing our service delivery challenges [and] localise[d] procurement and job creation, that promotes and supports local businesses, and that involves communities...” It was accepted such an approach will require that “National departments that have district-level delivery capacity together with the provinces ... provide implementation plans in line with priorities identified in the State of the Nation address”. (COGTA, 2020:1).

3.3 Broad goals, pillars and priorities of the District Development Model

According to the DDP (2019) the overall goals of the DDM can be summarised as follows:

- To improve the process of integrated planning across government through formulation and implementation of “Single Joined-Up Plans” for 44 District and 8 metros (the 52 IGR Impact Zones).
- To ensure capacity building for local authorities through strategically coordinating capacity building initiatives and programmes at the district level.
- That municipalities are capacitated to perform the mandated functions and duties they have been assigned by the SA Constitution, through supplying experts, and staff for key positions and to develop systems that can be shared between district and local municipalities in accordance with an agreed on need to share such services.
- To monitor the effectiveness of spatial and developmental progress on the communities in the 52 IGR Impact Zones. To maximise and align strategic plans and budgets for the “One District, One Plan and One Budget”. (See Figure 5).



Figure 5: Pillars of the DDM One Plan Strategy (Source: Adapted from Mosiea, nd)

In addition, the DDM should focus on the Medium-Term Strategic Framework as set out in Figure 6.

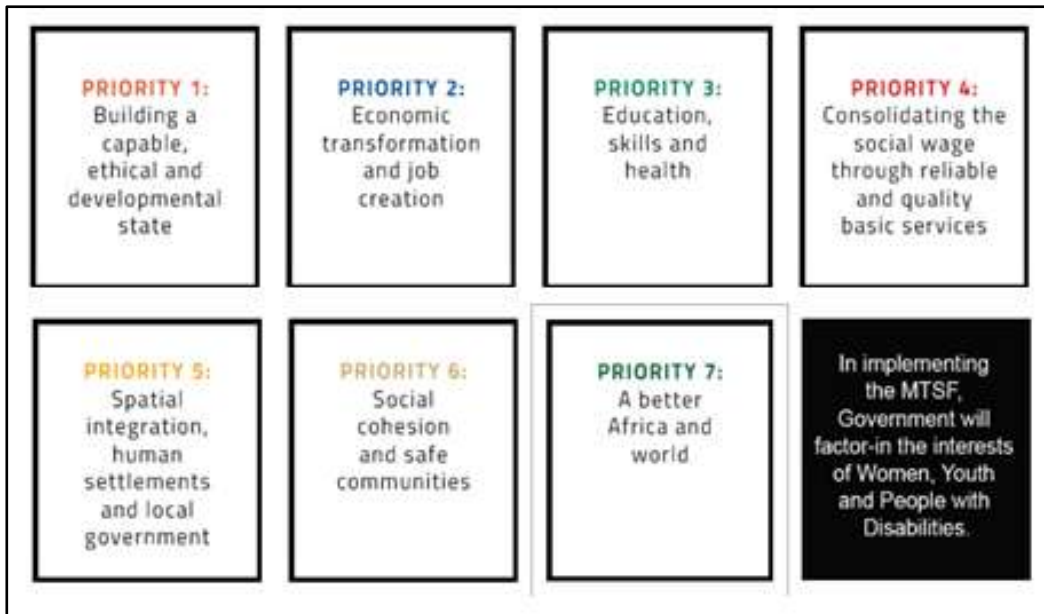


Figure 6: Priorities of the MTSF (Source: PME, 2020)

These priorities include:

- Reducing the distance between citizens and their government by improving the coordination role and capacities at the District and City levels. It is critical that the provincial governments and national departments are engaged in ensuring that this coordination, and monitoring of performance and alignment with the goals of the DDM are established.
- The DDM is also to ensure that there is employment focusing on gender imbalances and inclusivity when contracts are awarded by local authorities.
- That budgets are structured and drawn up based on the needs and aspirations of citizens and communities
- That the development of skills and capacity is prioritised to support the improved governance and management of municipalities.
- The development, improvement of capacity to effectively monitor and evaluate district and local municipalities at this level.
- That the development between urban and rural areas is balanced and governed for the purposes of equity between beneficiaries and citizens.
- That poverty eradication, employment creation and inequalities are reduced, through the promotion of sustainable development and supporting local business and entrepreneurial activities.
- Ensuring effective oversight of budgets and projects, that makes provision for overall accountability and transparency in the management of all affairs.

Principles Underpinning the Model	Main Objectives of the Model
<p>a. Existing Constitutional Framework Remains as is, whilst strengthening the regulatory framework for Cooperative Governance</p> <p>b. Reinforce Local Government and its Proximity to Communities</p> <p>c. Distinction Between Long-term and Medium-term Strategic Planning/Implementation Mechanisms</p> <p>d. Build on Lessons from implementing previous similar and Existing Good Practices – Current MTSF Alignment (DPME) and Operation Sukuma Sakhe (OSS) and other emerging best practice</p> <p>e. Focusing effort in a geographic location – spatial management of interventions</p> <p>f. Linkages, synergies, maximize impact across govt. programmes in a District.</p> <p>NB: What is the total impact of government interventions in a District Municipalities?</p>	<p>a. Managing rural/urban migration, as well as sustainable growth and development;</p> <p>b. Determining and/or supporting local economic drivers;</p> <p>c. Determining and managing spatial form, land release and land development;</p> <p>d. Determining infrastructure investment requirements and ensure long-term infrastructure adequacy to support integrated human settlements, economic activity and provision of basic services, community and social services through geographic crowding;</p> <p>e. Institutionalize long term planning whilst addressing 'burning' short term issues</p>

Figure 7: Principles and Objectives of the DDM (Source: Mosiea, nd)

The DDM approach can therefore be summarised as follows:

Being impact orientated – in other words ensuring that not only outcomes are measured, but the quality of those outcomes is measured as well. Can the actions of local government make a difference in achieving the goals and objectives of the NDP?

To promote the notion of creating a capable, ethical and developmental state -especially through the capacitation and development of skills and competent managerial capacity in local governance. This relates to the ongoing debates about professionalisation of the public service, and in particular the need to ensure that there is a long-term investment in the identification, shaping and grooming of public sector leadership in South Africa at all levels, but in particular in local government (Wissink, 2015).

This can be probably be achieved through the DDM becoming a vehicle for the achievement of the NDP and the MTSF priorities, around the One Plan Principle and localised for every district and conditions and challenges for every district as set out in their respective IDPs.

The DDM has worked on the mechanisms for the implementation of the model:

- It is critical that the structures and organisations mandated for this purpose create the political and managerial leadership capacity for local government, especially for the districts where underperformance and many dysfunctions are reported.
- Intergovernmental planning and budgeting processes to ensure the effective allocation of national and provincial resources are allocated and effectively monitored and controlled.
- Intergovernmental state structures are created to monitor and evaluate comprehensive state performance
- That shared services are investigated, and in each district a task team can be appointed to assess and report on the possibilities of shared services between local municipalities in the district, and also the critical role that the districts need to play in ensuring that this idea is pursued in a rational and functional manner.
- The monitoring and evaluation of the effectiveness of the DDM is managed through a DDM Dashboard that provides a real-time system monitoring and evaluation system for national government to access at any time.
- One of the main purposes of the DDM is to ensure that legal and policy reforms are looked into to ensure that all the unnecessary barriers and red-tape are eradicated or at least minimised, to ensure the more effective and efficient governance and management of local government at every district (COGTA. 2019).

3.4 Significance of the DDM in realising a Shared Services Approach

The government recently had to intervene into the poor state of local government following more than 25 years of attempting to build a developmental local government system.

Local government in South Africa is confronted by many challenges that include corruption, poor financial management, weak internal control, lack of oversight and absence of monitoring and evaluation among others. Some of these challenges are attributed to weak leadership which fails to strengthen the capacities of municipalities to render public goods and services. One intervention was to set improved arrangements for PPS, and another has been the development of the DDM.

Since the inception of the District Development Model (DDM) in 2019, implementation challenges have been experienced as the skillset is not readily available to drive the whole broader concept which is viewed in literature as the 'reinvention' of the centralisation of shared services. A strategic concept advocating for a central One Plan" the DDM seeks to respond to the various challenges affecting the public sector in South Africa. Arguably, the implementation of DDM can also help advance the principles of New Public Management (NPM), which seeks to dismantle the bureaucratic and traditional manner of rendering services in government departments. The

analysis of the few piloted metropolitan municipalities has shown that the DDM is still to be embraced in local municipalities as it requires alignment to other existing programmes and also requires huge budgets to execute, towards improving services provision. Achieving a Shared Services Approach (SSA) can be therefore achieved when drastic measures have been undertaken by responsible government departments to ensure local municipalities are capacitated enough to implement the DDM. Drawing from this brief narration the following section unpacks the significance of DDM in realising SSA in South Africa.

3.4.1 DDM enhances departmental cooperation

As the Municipal Systems Act (117 of 1998) advocates for local and district municipalities to work together on issues of common interest, the implementation of DDM help enhance efficiency and improve the delivery of services. This is because combined human and material resources are bound to solve a service delivery issue in a timeous manner using a pool of available human and financial resources. Further, the DDM is designed in a manner that can help improve Intergovernmental relations (IGR). This notion is corroborated by Asha and Makalela (2020) who regard the DDM as useful in promoting intergovernmental planning which is vital for improving services in local municipalities. By using the DDM to realise SSA, municipal departments can improve coordination and planning which are some of the key imperatives for attaining a developmental local government. The SSA in this case is instrumental as it gives room for coordinated relations and innovativeness which all contribute towards effective service delivery in line with the provisions of Chapter 3 of the 1996 constitution of South Africa. By promoting cooperation, the DDM is crucial in establishing a coherent state which promotes inclusive economic growth, strategic infrastructural investments as well as spatial transformation which is dependable for the benefit of citizens.

3.4.2 DDM and value for money

Since the DDM is anchored on the development of the 'One Plan' there is a need for customers of services to receive their value for money through the SSA. Various departments operating under the SSA need to strategically invest their resources in improving service delivery which is critical in realising the objectives and mandate of the DDM. The pooling of resources together is described by Janssen et al. (2011) as an efficient method of delivering services simultaneously to achieve economic gains. This whole-of-government approach (SSA) as it is named in other literature sources (O'Flynn, Black & Halligan, 2012) is required as various portfolios across jurisdictions collaborate on programme formulation and implementation which helps attain quick service delivery to the public. As part of shared services, the DDM can help improve citizens' state relations by bridging the distance as services will be rendered at local and district levels using the SSA. In this case, the collaboration of various departments at the district and provincial level help

increase coordination and the pace at which services are rendered to the people. The DDM can therefore be used as a catalyst for the delivery of quality services to the people in an efficient and accountable manner

3.4.3 DDM enhances oversight

As enshrined in section 195 of the 1996 Constitution, Public administration must be accountable and this can be realised through an oversight role. For the DDM to function effectively under the SSA, there is a need for local government to play an oversight role which ensures that public resources are not abused and are used efficiently to render public services. As noted by Transparency International (TI) (2020) inadequate oversight result in manipulations where public funds can be embezzled by public officials which adversely affect public service delivery in a country. This view resonates with the declining state of local government in South Africa. Research done in the past years has shown that local government in South Africa is tainted by maladministration and corruption which results in huge unauthorised expenditures (Moji, Nhede & Masiya, 2022). Reports from the Auditor General of South Africa (AGSA) have shown the declining state of financial management in local government. The trend has continued as various municipalities in South Africa are failing to implement the recommendations of the AG due to weak oversight, and poor internal controls (AGSA 2021). The DDM is strategic in the sense that it fosters cooperation and collaboration which are some of the key imperatives in transforming the financial governance of local municipalities using the SSA. To ensure that the SSA works better for local municipalities, regular oversight must be implemented as a form of checks and balances to flag any corrupt activities that may compromise service delivery.

3.4.4 DDM enhances monitoring and evaluation

In local government project management is one of the weak areas that require attention. The failure of the local government to implement monitoring and evaluation (M&E) has resulted in projects being terminated, and finances being abused resulting in service delivery backlogs or no services to the people. The DDM is structured in a manner that supports the M&E function which is critical when using SSA. Past years in south Africa have seen the government losing millions of rands through unauthorised or wasteful expenditure (Budhram and Geldenhuys, 2018). As of 2021 only 27 of the 257 municipalities acquired a clean audit (financial). This indicates weaknesses in oversight hence Kraai et al. (2017) advocate for oversight in local government financial affairs which is imperative for enhancing public service delivery. The DDM in this case needs to be strengthened to ensure that a regular oversight role is played as part of supporting the SSA.

3.4.5 DDM improves co-production and accountability

One of the functions of local municipalities in South Africa is to ensure a developmental role for communities. The DDM was designed in a manner that advances the provisions of the White Paper on Local Government (1998) which initially was mandated to closely work with citizens to provide social, economic and material needs sustainably towards enhancing the quality of living. When citizens are included in the process of rendering services their attitudes about a local municipality improved hence the SSA can be attained in this manner through these interlinkages. In most cases, municipal IDPs help inform the local municipality of their needs hence the DDM also speaks to collaboration and participation of stakeholders which is critical in ensuring that the SSA work effectively in responding to the needs of the communities. Encouraging co-production through the DDM also promotes accountability which Mbanyele (2021) argues that good leadership and accountability can result in effective service delivery. When internal controls are strengthened using the SSA, corruption can be avoided as transparency and accountability will be implemented when using public finances. Du Plessis and Breedts (2013) believe minimising corruption in the three spheres of government can help the DDM when it is implemented through the SSA. In this sense upholding accountability is key to maintaining the moral fabric while part of ensuring good governance and trust workmanship in municipalities towards improving the delivery of services.

3.4.6 DDM triggers efficiency

The analysis of extant literature to date has confirmed that skills shortage is a critical missing link in advancing service delivery in local municipalities in South Africa. The implementation of the DDM can help reduce the skills gap by reskilling existing employees so that they improve their competencies towards attaining an SSA While SSAs demand skilled expertise their introduction in local government needs to be supported by a robust framework that advocated for the training of employees which is fundamental for achieving efficiency in public service provision.

3.4.7 DDM promotes economic development

One of the central pillars of the DDM is to promote economic positioning which is very crucial in the viability of local municipalities. Smaller municipalities that have limited revenue sources can benefit from the DDM as the SSA allows for resources to be shared equitably and rendered in a centralised manner which allows growth and development. Bearing in mind various municipalities are struggling with the triple challenges of poverty, inequalities and unemployment, the DDM model can support the inception of new local economic development (LED) projects through proper budgeting techniques. Further, the collaboration of various departments can help develop entrepreneurial and innovative strategies in local municipalities that help generate revenue which can be channelled through the SSA arrangement. Research (Masilone & Dinntwe, 2014;

Munzhedzi, 2016) in South Africa has revealed that in the absence of proper budgeting, and entrepreneurial capacities, municipalities suffer from poor service delivery hence the DDM model can help improve the capacity of local municipalities by reengineering skills development programmes which are vital in capacitating public officials towards realising the SSA.

3.5 Current state of progressing with the DDM

The DDM is currently being evaluated following a trial implementation process, and currently the DDM is being subjected to the following processes:

- Reviewing the current DDM implementation plan
- Updating and finalising national and provincial government profiles, projects and budgets.
- Including district and provincial disaster management plans in the DDM models
- (The recent Covid-19 pandemic was a good case-in-point)
- Ongoing development of the One Plan for all districts.
- Investigating the establishment of a shared services strategy for every district.
- The establishment of district hubs, and shared services centers, that could serve as resource and service support centers as well (Lodi, 2020; NDP, 2020).

3.6 Approaches in which the DDM that may benefit SSCs

The DDM was adopted to help build a coherent State to bring about inclusive economic growth, spatial transformation, strategic infrastructure investment and reliable service delivery for all. From a shared services approach, through the following strategies framed by Lodi (2020) in the implementation of the DDM can ensure that:

- Through the One Plan Approach (OPA) to formulating a long-term strategic framework for planning, budgeting and implementation over multiple cycles across all Districts in a uniform manner – the OPA of the DDM can ensure that shared services between all municipalities in the district become a reality when budgets and resource utilisation is concerned.
- Promoting and using inter-governmental relationships (IGR) and cooperative governance (horizontally and vertically) as part of the DDM, will require cooperation and sharing of infrastructure and services (especially engineering and technical expertise) to become a critical element of the DDM.
- District municipalities and metropolitan cities will be critical in coordinating the DDM, and therefore promoting the idea of efficiency and productivity by sharing and integrating staff

expertise and especially back-end services such as IT, data management and IDP (planning) technologies and information related to their regions.

- The DDM requires spatial budgeting (attending to the spatial inequalities in districts) that requires collaboration and sharing budgeting and financial control expertise and services across all the entities and municipalities in the district.
- The DDM requires functional hubs and coordinating committees to ensure and interventions to ensure that municipalities become stable and sustainable service providers. This requires integrated municipal services and the sharing of both back-end and front-end service capacity.

3.7 Summary

The District Development Model (DDM) was recently (2019) proposed as a mechanism to overcome many of the dysfunctions and poor performance records of municipalities in South Africa, and to introduce notions of integrated, shared capacity, skills, partnerships and engagement between municipalities and their external service providers. The next section will be devoted to the description of this strategy and model.

This section also emphasises the merits of DDM towards realising the SSA. The review of literature has shown various instances where the DDM could be beneficial to local and district municipalities in the event the SSA is established. The analysis has indicated further that the DDM is strategic as it fosters departmental cooperation at the local level. While the end users who are citizens expect the value for money- as stated in the Batho Pele principles some strategic competencies (hard and soft skills) are required within the SSA setting. Playing an oversight role over public resources and ensuring that structures and systems are in place to support the DDM should be done towards attaining an effective SSA. Furthermore, properly coordinated systems are fundamental in executing monitoring and evaluation practices which are somehow missing in many local municipalities. As noted in previous AG reports in South Africa, financial monitoring is one of the weaknesses as internal controls are not responsive enough to acts of corruption and financial embezzlement. The DDM is therefore crucial to strengthen the checks and balances among various departments housed under the SSA. Lastly, the DDM is crucial in holding public officials' accountable in-service delivery as the diverse setting within the SSA allows experts to engage in the type of jobs they know best. In this case room for corruption is minimised and this can help advance service delivery to the people.

SECTION 4: THE EFFICACY OF MUNICIPAL PLANNING IN PROMOTING SHARED SERVICES

4.1 Introduction

As local government functions become more complex, municipalities should explore various ways for enhancing their service delivery performance. SSCs are broadly conceptualised as key instruments for improving organisational performance. As such, the literature for this study has investigated the role that can be played by SSC to improve planning in order to upscale local government performance in South Africa.

The majority of South Africa's 257 municipalities are currently financially distressed and becoming centres of poverty, inequalities and unemployment. In addition to these challenges, Van der Waldt (2022) lists the following as critical factors affecting the South African local government sphere:

- Failure to embrace new governance systems in local government and factionalism in councils (coalitions).
- Political differences between the parties that represent different constituencies in the municipal council.
- Limited financial and human resources and lack of relevant experiences and skills among municipal officials.
- Lack of coherence between different types of plans in local government. For example, the operational plans that are implemented by junior managers are not aligned with strategic plans.
- Lack of creativity and innovative thinking in the implementation of municipal plans.
- Outdated and inaccurate statistical information that should inform the prioritization of resources.

In light of the afore-mentioned challenges, SSCs are increasingly becoming an alternative for boosting municipal planning towards the attainment of service delivery mandate in local government (Dollery, Kort, and Drew 2019). This view is also elaborated in, Moodley (2007) that SSCs have been acknowledged as possible solutions for enhancing performance of the South African municipalities. This can be done through the sharing of financial and human resources. Municipalities may also benefit with standardisation of service delivery plans and elimination of bureaucracy and unnecessary service duplication. In a nutshell, SSCs will be of great benefit to the South African municipalities due to their characteristics of improving efficiency, achieving economies of scale, upscaling communication and collaboration by centralising functions (Rudzionene, 2014).

Dinapoli (2009) advises that municipalities should therefore explore SSCs and other cooperative opportunities as a way to reduce or avoid costs, improve service delivery performance, or

maintain services. Moodley, (2007) pointed out that a positive and supportive attitude towards SSC is a key to enabling planning and accelerating the impact of local government in South Africa.

4.2 The efficacy of municipal planning in the context of the SSA

The efficacy of municipal planning is discussed in the context of the following factors: role of political interference, accountability and transparency, costs reduction, improved quality of services, improve efficiency/effectiveness/productivity, access to external resources, concentration on innovation, focus on core competencies, improved customer orientation, exchange of internal capabilities, improved control, improved communication and feedback consistent management information, improved compliance with legislation and standards and mitigating risks. An elaboration of these factors is provided below:

4.2.1 Political interference

The establishment of SSCs can result in the minimisation of political interference in local government municipal planning in South Africa. The deployment of political appointees well known as cadres has been noted by Shava and Chamisa (2018) as detrimental to municipal planning due to a lack of accountability and reporting. In most cases, political appointees disturb the functioning of critical departments such as human resources management due to manipulation of recruitment processes. SSCs in this case help curb political interference and any irregularities that may stem from external influence. Yende (2017) argues that municipal planning therefore should embrace the establishment of SSCs as a responsive measure to enhance service delivery while protecting the integrity of municipal hiring processes.

Literature has shown that municipal planning in South Africa is being affected by various human resource constraints (Makapela & Mtshelwane, 2021). The issue surrounding the recruitment of municipal officials has been associated with several loopholes where in some cases unqualified personnel assume offices of high authority which trigger inefficiency in service delivery due to poor productivity (Dlamini & Reddy, 2018). Olivier (2016) argues that in local municipalities qualified officials are often overlooked for appointment and promotion which hampers municipalities' capacities to achieve clean audits. As a strategic area, municipal planning needs to consider the development of a SSC where competent human resource personnel from various municipalities are hired to enhance the delivery of services in an accountable and efficient manner. A SSC that has competent human resource practitioners can be responsive to the service delivery challenges in the process stimulating staff morale and capacity in the workplace.

4.2.2 Accountability and transparency

One of the challenges affecting municipal planning in South Africa is the absence of accountability and transparency. The establishment of an SSC can help bridge this challenge and enable municipal officials to uphold the principles of accountability and transparency in the manner they utilise public money. Sibanda (2017) proposes that public authorities take responsibility for policies and decisions involving taxpayer money which is fundamental in achieving accountability and transparency.

4.2.3 The role of autonomy

The implementation of SSCs can help achieve autonomy in service delivery decisions. To minimise political interference in the work of SSCs there is a need for independent oversight in local government. Dollery et al. (2016:234) propose that officials hired to work within a SSC must be drawn from an expertise pool in each municipality and such an individual must have the relevant skills to execute the given mandate. In this case, a SSCs is fundamental as it reduced corruption, improves compliance and ultimately service delivery. Upholding accountability in how public money is used further gives credibility to SSCs.

4.2.4 Financial monitoring and coordination

Through the implementation of SSCs, municipalities can achieve financial monitoring and coordination which is critical for improving their core competencies. For SSCs to effectively respond to the service delivery needs of the people financial monitoring based on sound financial management principles is required (Pauw, et al. 2013). As argued in the study of Stanleigh (2016) sound financial monitoring takes note of asset purchase, the emphasis on risk evaluation and funds transfer. Further core competencies of municipal officials in a SSC are strengthened due to the availability of resources to effectively meet the demand for services by the people. Based on this, municipal planning should emphasise financial monitoring and coordination which strengthen a SSC to curb any corrupt activities while promoting financial accountability and transparency concerning public finances and service delivery at large.

4.2.5 Improving efficiency, effectiveness and productivity

Improving efficiency, effectiveness and productivity lies at the core of SSCs in South African local government. Municipal planning should consider deploying officials from key functionary departments to work in SSCs as a way of improving service provision while curbing service delivery backlogs. Since an established SSC contains qualified expertise from various sectors, efficiency and effectiveness can be achieved in local municipalities. Arguably, Bostrom (2014:4) advocates for the adoption of new models and new technologies ushered in the Fourth Industrial

Revolution (4IR), as a way of reinforcing the technical capacity of SSCs in promoting digital services delivery. While technology might not be the panacea to service delivery challenges, (Olu et al. 2019) the outbreak of COVID-19 indicated that, modern digital devices can be effectively used in a SSC to achieve efficiency and productivity in community service delivery. Apart from enhancing efficiency and effectiveness, Fichman et al. (2014:332) suggest that digital technologies “possess some highly distinctive characteristics that have important practical and theoretical implications for innovation”. Municipal planning can therefore tap into the advantages of modern technologies to ensure that SSCs are strategic and most competent to address various service delivery demand efficiently and effectively.

4.2.6 Standardised processes

The implementation of SSCs can lead to standardised processes for services rendered to the people. Implementing the SSA in municipal planning requires the standardisation processes to be properly institutionalised across the SSCs. Nonetheless, the assessment of the literature acknowledges the tensions that exist between rendering customised services and the desire to standardise the processes using ICT functions (Dollery, Kort & Drew, 2016). Although standardisation is crucial in reducing costs (Ramphal, 2011) it might not be efficient enough in addressing some of the needs of various local municipalities. In this case, municipal planning must consider the temptation to centralise services in the name of standardisation which can affect the delivery of services in the long term. Further, standardisation may require further expertise which may not be readily available among employees within the SSCs. This brings the questions of preparedness into place. Drawing from these assertions’ standardisation processes should be supported by qualified expertise which is crucial for driving the SSA.

4.2.7 Concentration on innovation

As part of municipal planning, management needs to provide more concentration on innovation which is crucial for driving change in SSCs. The SSA advocates for an innovative spirit where the need to use something new (ideas, concepts, models, technology) is very crucial in rendering quality services while reducing unit costs (Schulman et al., 1999). The examination of extant literature pointed to a huge gap in terms of public sector innovation (Bekkers, 2013; Pollit, 2011:39). Many local municipalities in South Africa still stick to the bureaucratic status quo in the process neglecting change. The absence of project management due to a lack of innovative skills is affecting municipal planning in South Africa in local government. The lack of project evaluation as affirmed by Mji (2007) trigger poor service delivery in local municipalities. To realise efficiency in a SSC, municipalities need to foster a learning culture which embraces innovation to allow municipal planners to implement new concepts, ideas or technology which can be crucial in

managing a SSC. Promoting the learning culture through innovation (Mulgan, 2014) gives room for continuous learning and absorption of knowledge in SSCs, which is also critical for coping with the changes in both economic and technological environments. From this discussion, it is clear that in municipal planning there is a need to embrace various forms of innovations which can be combined in the SSC to effectively render public goods and services.

4.2.8 Improved customer orientation

Municipal planning in local government should lead to improved customer orientation through the use of SSCs. Local government as affirmed in the study of s Madzivhandila & Asha (2012) suffer from poor interdepartmental cooperation and a lack of horizontal integration which in turn affects customer orientation. The use of SSCs helps in improving customer orientation as the value for money can be achieved by services receive from a centralised team of experts. Redman et al. (2007) support this view stating that in SCCs more time is created for senior management and staff from various municipalities to focus on strategic issues and the needs of customers since they do not spend time managing support services. The responsiveness of SSCs to service delivery demand enables customers to trust the municipalities as they can render services effectively and efficiently. In addition to enhancing customer orientation, SCCs improve team coordination and collaboration which is also critical in improving service delivery

4.2.9 Improving control

Improving control is another critical dimension that municipalities should consider when using the SSA. Municipal planning in local government needs to take note of the internal controls which are crucial in giving order and direction to municipal affairs. The implementation of SSC requires strong internal controls that can mitigate any inefficiencies that may compromise service delivery. The availability of internal control mechanisms as described by Banerjee (2015) help public entities improve financial reporting, policy compliant procedures to achieve organisational objectives. In this case, municipal planning should embrace improving control of municipal finances and accounting processes to curb any corrupt activities. Supporting the need for improving internal controls in local municipalities, Micheni (2017) argue that internal control mechanism may assist SCCs to tighten financial accounting systems which are vital for adequately providing public services. control can help bring stability to SCCs where political interference for instance is not encouraged as it may ruin the functioning of SSCs towards attaining quality service delivery.

4.2.10 Improving compliance with legislation and standards

Improving compliance with legislation and standards is paramount to the sustainability of SSCs in South African local government. SSCs are designed in a manner that helps improve compliance with legislation and standards for quality service delivery. Compliance with legislation should be integrated into municipal planning as it helps reduce costs and avoid unauthorised expenditures. For instance, complying with legislation such as the Municipal Finance Management Act (MFMA) of 2003 helps SSCs to focus on the main goal of delivering services through proper budgeting, reliable financial reporting and coordination procedures. Enforcing compliance within the centralised setting of SSCs helps enhance the legitimacy of SSCs and can help achieve efficiency in service provision

The implementation of SSCs in local government is not an easy action as hesitancy exists among traditionally governed municipalities. The establishment of SSCs can help reduce risks that may emanate from both the economic and technological environment (Ulrich, 2006). The SSA advocates for various skill sets to be centrally pooled together in a pool which challenges other municipal departments to respond to this initiative even though they are not prepared. Ramphal (2012:46) argues that in an attempt to implement SSCs management errors, financial uncertainty, and poor investment among others may threaten the survival of SSCs. In that case, municipal planning needs to have strategic and contingency plans in place to ensure any risk that may affect service delivery is mitigated. Municipal planning in this instance needs to be directed by transformational leadership Stanleigh (2016) holds that it must embrace change as necessary and any problems that may illuminate are collaboratively managed to ensure efficiency in the functioning of SSCs. Further, Bergeron (2003) emphasises that the existence of efficient leadership in SSCs helps enhance an entrepreneurial spirit associated with good communication and analytical skills, flexibility including clarity of purpose which all work together towards achieving an effective and efficient SSC.

4.2.11 Improvement of communication and feedback

Finally, in municipal, planning the exchange of internal capabilities is crucial as it promotes good communication and feedback among municipal employees working in a SSC. Communication and feedback as Dixon (2004) hold are important aspects of maintaining and sustaining a SSC. This is because communication is crucial for managerial purposes as it binds together all management processes and managers to effectively execute their duties. Rising from this view, municipal planning needs to have transparent and responsive structures that enable the smooth functioning of SCC. Since employees from various municipalities are gathered in SCC a question

of diversity of interest can arise therefore, proper communication and feedback channels are critical in managing and operating a SCC.

4.3 Summary

This section answers the objective which seeks to examine the efficacy of municipal planning in the context of SSA at the local government level in South Africa. The review of literature has shown various contexts in which municipal planning can integrate the SSA to enhance service delivery. In terms of municipal planning, SSCs can help curb political interference and also reduce costs. Further accountability and transparency in the management of finances can be upheld when operating a SSC due to a transparent manner of reporting. Improving efficiency, effectiveness and productivity has been revealed in literature as critical in SSCs hence municipal planning must embrace the spirit of innovation and adaptive capacities to improve service delivery. Also, complying with legislation is one of the important aspects of SSC hence municipal planning should embrace efficiency and effectiveness as SSCs advocate for minimising costs towards improving service delivery.

SECTION 5: THE ROLE OF LGSETA IN SUPPORTING SHARED SERVICES

5.1 Introduction

The Local Government Sector Education and Training Authority (LGSETA) in South Africa promotes the acquisition and skills development of various stakeholders in local government, as well as unemployed citizens. It is largely involved in establishing and implementing innovative skills development and learning or training programmes that ensure the local government's service delivery workforce is adequately equipped with the necessary skills to carry out the constitutional mandate (LGSETA, 2020).

5.2 LGSETA and strategic focus areas

Since shared services are considered as an innovative mechanism to enhance service delivery, and boost performance and productivity in the local government sphere, the LGSETA plays a critical role in bridging the gaps related to capacity, upskilling and professionalisation of the workforce in local government. This will allow for a workforce with better placed skills set to handle the daily operations of the local government structures including shared service centres, consequently improving the quality and efficiency of service delivery and customer satisfaction.

The LGSETA's roles are linked to strategic focus areas aligned to the Municipal Performance Indicators, Municipal Systems Act, 2000 (no. 32 of 2000) the National Skills Development Plan (NSDP) 2030 and underpinned by key government legislative and regulatory framework as follows (LGSETA, 2020: 34):

- Enhancing good governance, leadership, and management capabilities.
- Promoting sound financial management and financial viability.
- Enhancing infrastructure and service delivery.
- Enhancing municipal planning.
- Promoting spatial transformation and inclusion.

The LGSETA sets the benchmark for local government structures, by directing their efforts towards areas in the local government where change would be most beneficial as follows (LGSETA, 2020: 15-16):

- Through the councillor development programme, the LGSETA is expected to financially support and collaborate with the South African Local Government Association (SALGA) in the roll-out of skills audit and implementation of the results in local government sector for the purpose of developing and capacitating political leadership.

- Under the traditional leadership programme, the LGSETA's role in partnership with COGTA, is to prepare, support and assist in incorporating modern leadership, assessing the reconstitution of traditional leadership election process and the capacity development of executive traditional leaders among other stakeholders. This is to be implemented throughout nine provinces for the purposes of skills development and capacity building within the traditional leadership and on a larger scale.
- The LGSETA has the responsibility through the management capacity programme to facilitate training of managerial workforce in local government to improve service delivery and optimise performance at local government level.
- Meanwhile, through the worker leadership programme, LGSETA is responsible for the capacity building training of unions within the local government to boost participation and involvement in skills development activities at municipal level. Programmes will be conducted through recognition of prior learning.
- Through unique strategic initiatives (unemployment programme, Batho-Pele programme in local government, scarce and critical skills programme, and women in leadership in the local government sector), the LGSETA is responsible for alleviating high unemployment rate among youth through training for relevant set of skills and providing work placement opportunities. In addition, the Batho-Pele programme aims for providing basic service delivery and better customer care. Moreover, the LGSETA is also responsible for facilitating the implementation of local municipalities' critical skills programmes and collaboration opportunities to professionalise the local government sector.

Municipalities in South Africa are facing challenges in service delivery owing to lack of capacity, resources, managerial issues, lack of clearly defined frameworks, lack of cooperation and proper alignment of initiative with organisational goals, poor communication engagement and participatory community systems. Thus, LGSETA's contribution towards facilitating implementation processes, providing long-term training and capacity building is pertinent to developing and enhancing the local government's overall performance in service delivery. Moreover, it will strengthen existing shared service centres in municipalities where a lack of skills set, managerial issues, clearly defined frameworks are concerned. In addition, proper placement of skills set especially in IT, financial, managerial and other human resource services will go a long way in enhancing productivity, transparency, accountability, providing quality services and boosting customer satisfaction.

5.3 Summary

The LGSETA has a critical role to play in using its mandate, capacity and resources to ensure that the required skills and capacity development of local authorities, in particular the district and local municipalities, and the requisite requirements for the leadership, managerial and technical skills required to set up and implement SSCs in all the districts of South Africa. This survey and initial exploratory research will generate the information related to the needs, existing capacity (know-how), the time-frames needed, and the possible commitments to participate in such a programme of action. The accompanying proposals for such action will be developed based on the agreement between researchers and the LGSETA.

SECTION 6: EMPIRICAL FINDINGS AND THEIR IMPLICATIONS FOR LOCAL GOVERNMENT SHARED SERVICES

6.1 Introduction

The collated data was derived through a mixed method approach as described in the introduction of this report. Data was first generated from a CLR desktop study to explore and investigate the concept of the SSA in the local government sector and its international and regional best practices provided in previous sections. Secondly, the empirical data provided in this section was generated through fieldwork surveys, interviews and focus group discussions (FGDs) to determine the feasibility of the SSA in the South African local government context. The data is presented through Tables and verbatim accounts of respondents in response to the following research questions: Q2) Is it feasible to create 'shared services centres' in the underperforming municipalities in South Africa to promote financial viability and service delivery? Q4) What is the role of the District Development Model (DDM) in the SSA? Q5) How efficient and effective is municipal planning in the context of the SSA? Q6) What would the role of the Local Government Sector Education and Training Authority (LGSETA) be in supporting the SSA? The findings are presented in the following sub-sections.

6.2 The feasibility of establishing shared services centres in the under-performing municipalities

The shared services approach in local municipalities has become increasingly popular as a strategy for achieving cost savings, greater efficiency, and improved service delivery. This approach involves collaborating and sharing resources, expertise, and support services among different departments or even different municipalities. By pooling resources and expertise, smaller municipalities can access services and resources that may not be feasible to provide on their own, such as IT services, HR, legal, or finance. This can lead to a reduction in duplication of effort and streamlined processes, resulting in increased productivity and better outcomes.

This section presents and discusses findings on the feasibility of the shared service centre approach in the South African local government context. The section is based on both quantitative and qualitative interviews conducted with municipal officials from various municipalities. The following sub-sections are covered in this section: understanding of the concept of shared services centres, the main purpose of shared services centres in local government, factors that support successful implementation of shared services in the South African local government, the nature of back-office services considered for shared service centres, factors that might hinder the successful implementation of shared service in the South African local government, and the extent

to which shared services centres are likely improving municipal planning in different areas. The first sub-section of this paper will focus on understanding the concept of shared services approach in local municipalities. The section concludes by presenting recommendation for policy and further research to ensure the successful implementation of the shared services centres approach in South African local government.

6.2.1 Understanding of the concept of shared services centres

In a bid to assess the feasibility of the shared service centers in local government in South Africa, the researchers asked a set of questions to the participants. The respondents were asked three if they understand how the approach works. The second question they were asked also sought to expose whether the respondents were familiar with any municipality that were using the SSCs approach. Finally, the respondents were also asked if they were engaging in any form in the SSCs approach in their various capacities. From the interviews and sessions and in light of this theme, the analyzed qualitative data revealed that majority of the participants understood what the concept of shared services is. The participants described the concept of shared services as the approach where various municipalities collaborate on delivering certain services with the aim of efficient and effective service delivery.

The first participant's response mentions a specific example of shared services in the form of a shared application for the advertisement of informal tenders that are below R200 000. The system is used internally at MDM and shared with the MBTA. This suggests that the respondent understands shared services as a means of sharing resources and systems across different entities to streamline processes.

There's a shared service of the advertisement of the informal tender process which is those tenders that are below R200 000. The system has been returned internally at MDM and we are sharing that application with the MBTA which is our sharing now in the city. So, what they would do is, we give them access to our application, and the way it is captured or the information is shared. (Interview Field Study 2023).

The second response talks about a shared service centre led by a chief planner and includes senior planners who report to the district. This shared service centre is supported by different municipalities who pay the salaries of the senior planners. This suggests that the respondent understands shared services as a collaborative institutional arrangement involving different municipalities pooling their resources together to provide a service.

Institutional arrangement where you will have a shared service led by a chief planner, we have senior planners that are working as a shared service center that's reports to the

district. And it's so committed by all the other council to the extent that, even the salaries were paid by different municipalities. (Interview Field Study 2023).

A participant from Msunduzi municipality expressed detailed understanding of the concept of shared services. They highlight that they have used it in their Msunduzi municipality and that they have seen that it works. This participant is also familiar with other municipalities that have successfully used SSCs approach. The comments below illustrate the assertion:

In terms of planning, I mean there's a...the oldest shared services...worked with couple of years ago or ten years ago. They were starting the planning and development shared services for municipalities. (Interview Field Study 2023).

The responses above are supported by the quantitative data from the surveys in response to the question of whether participants understood the concept of shared services as indicated in Table 5.

Table 5: Understanding of the shared services centres (SSCs)

Understanding of the shared services centers (SSCs)	To no extent	To a very little extent	To some extent	To a great extent
I understand how the SSC approach works	7,6%	28,8%	63,6%	0,0%
I am aware of municipalities that are using SSCs	12,8%	29,1%	58,1%	0,0%
I am part of a municipality that uses SCSs	17,1%	22,2%	60,7%	0,0%
I am personally engaged in a SSC project	27,4%	17,9%	54,7%	0,0%

Source: Field Survey Data 2023

Table 5 presents quantitative data analysis on the extent to which participants understood the concept of shared services centres. The data revealed that the majority of respondents (63.6%) have some level of understanding of how the SSC approach works, while a significant proportion (28.8%) have only very little understanding. It is worth noting that none of the respondents reported having a great extent of understanding, suggesting room for improvement in terms of knowledge and awareness of SSCs.

Moreover, in terms of awareness of municipalities using SSCs, the majority of respondents (58.1%) reported having some level of awareness, but a significant proportion (29.1%) have only very little awareness. Notably, the proportion of respondents who reported being part of a municipality that uses SSCs is higher (60.7%), suggesting that direct involvement with SSCs may lead to greater awareness and understanding.

Looking at the data on personal engagement with SSC projects, we can see that a relatively high proportion of respondents (54.7%) reported some level of personal engagement, but a significant proportion (27.4%) reported no engagement. This suggests that while there is some interest in SSC projects among local government officials, there is still a substantial proportion who are not involved in such initiatives.

While there are some differences in that the qualitative data shows that participants have knowledge and have been exposed to the concept of shared services, quantitative data seems to show significant and notable levels of ignorance of the concept and how it has been applied in other municipalities. Despite the foregoing assertions, the responses from both the interviews and surveys suggest that the participants have a basic understanding of shared services centres as a means of sharing resources, systems, and personnel across different entities to improve efficiency and reduce costs. These findings support previous literature that argue that there is a growing awareness of the concept of shared services in local government. The Local Government Association (2019) argues that local government continues to lead the way in the public sector with collaborative service delivery and implementation through shared service arrangements, saving the taxpayer over £1.34bn in cumulative efficiency savings from 626 partnerships. Audit Office of New South Wales (2020) argue that some services are more suitable to be shared than others. Areas of success in the local government sector and other jurisdictions include IT, HR, procurement and waste management. Governance models for sharing services should be fit for purpose, efficient, transparent and accountable. Each council is an independent, statutory body responsible for the administration of its local government area.

6.2.2 The main purpose for shared services centres in local government

Evidence from literature suggest that shared service centres play a crucial role in the development of municipalities in South Africa and beyond (Mogale, 2011). Among the most cited motives and purposes of establishing service centres is the need to ensure cost saving by collaborating and centralizing administrative or support functions. In a bid to understand the main purpose for shared service centres, the researchers asked the participants what they thought were the main motives for adopting the shared service centre approach. The dominant theme that emerged from the interview responses were that by sharing resources and eliminating duplication, local governments can reduce their costs and provide more efficient services to citizens.

For instance, one participant emphasised the need for shared service centres in their municipality to deal with the challenges of backlog, and scarcity of skills, thus, better, and timely service delivery to their constituents:

...there are a limited number of the human resources available within our own municipality. I think within the human resources, there's only one dedicated our staff member there. So,

contextually yes, shared services could work. (Nelson Mandela Bay Metro, Field Survey, 2023).

Officials highlighted the importance of capacity building and skills sharing as another key driver from shared service centres approach. For these officials, their municipality suffers from capacity and skilled capacity. With the adoption of the shared services approach, there has been an improvement in the quality of skills that were missing in various sectors of the municipality. Officials identified auditing because the municipality does not have the skills. Some participants expressed that the skills flow and capacity allow municipalities in planning and their ultimate development. The following comments support the assertion made:

...I think there is capacity in the province and they were starting to...actually down skill the shared services, I know that only a few districts municipalities have that shared services but it was a success in terms of building capacity. (Interview Field Study 2023).

The idea of capacity was emphasised by another participant who indicated that:

....it was initiated by the province to say there's a lack of capacity in terms of town planning in our local municipalities and individual municipalities cannot afford (Interview Field Study 2023).

The interview responses provide insight into the main purpose of shared services centres in local government. The responses suggest that the main purpose of shared services centres is to address capacity challenges and improve service delivery in municipalities. The shared services centres are seen as a way to build capacity and develop skills, particularly in areas such as town planning and local economic development.

The responses also indicate that shared services centres are driven by compliance with legislative requirements, such as the need for disaster recovery sites. Additionally, shared services centres are seen as a means to avoid duplication of projects and to ensure that all municipalities are aware of ongoing projects in the region.

The interview responses above draw similarities and differences from the survey responses that emerged from the quantitative data illustrated in Table 6. The table presents data from the survey that sought to understand the main motive for shared service centres in local government.

Table 6: The main purposes/motives for shared services centres in local government

The main purposes/motives for shared services centers in local government.	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
Cost reductions through the scale effect of business	0,0%	22,4%	0,9%	20,7%	56,0%
Improve quality of service	0,0%	17,9%	1,7%	23,9%	56,4%
Improve efficiency/effectiveness/productivity	0,0%	16,9%	0,0%	27,1%	55,9%
Access to external resources	0,0%	16,9%	0,0%	28,8%	54,2%
Standardize processes	0,0%	13,6%	0,0%	29,7%	56,8%
Focus on core competencies	0,0%	18,6%	0,0%	27,1%	54,2%
Concentration of innovation	0,0%	21,4%	0,9%	23,9%	53,8%
Improve customer orientation	0,0%	18,8%	0,0%	24,8%	56,4%
Improve compliance with legislation and standards	0,0%	16,2%	0,9%	27,4%	55,6%
Exchange of internal capabilities	0,0%	17,2%	0,0%	28,4%	54,3%
Consistent management of information	0,0%	17,2%	0,0%	26,7%	56,0%
Mitigate risk	0,0%	19,8%	0,0%	27,6%	52,6%

Source: Field Survey Data 2023

The data presented in Table 6 shows the respondents' levels of agreement or disagreement with the different purposes/motives for shared services centres in local government. The most agreed-upon motive for shared services centres is "improve quality of service," with 23.9% of respondents agreeing and 56.4% somewhat agreeing. This is followed by "improve efficiency/effectiveness/productivity," with 27.1% of respondents agreeing and 55.9% somewhat agreeing. Another significant motive for shared services centres is "cost reductions through the scale effect of business," with 20.7% of respondents agreeing and 56.0% somewhat agreeing. On the other hand, the motive with the least agreement is "concentration of innovation," with only 23.9% of respondents agreeing and 53.8% somewhat agreeing. Overall, the data suggests that the respondents perceive shared services centres as a means of improve service quality, increase efficiency, and reduce costs.

There are similarities and differences between the interview responses and the survey responses. Interview participants emphasised capacity building and efficiency. These factors are also seen in the quantitative data. However, the difference is that issues such as concentration of innovation did not feature in the interviews in the way they did in the survey responses.

Nevertheless, the interview responses and the survey responses suggest that shared services centres are viewed positively as a means to address capacity challenges and improve service delivery in municipalities. The responses highlight the importance of collaboration and communication between municipalities to achieve shared goals. The responses also emphasize the need for clear frameworks and guidelines to ensure that shared services centres are effective and efficient.

The role played by shared service centres in enhancing skills, capacity and efficiency is reported in literature. For instance, there is a consensus among scholars (Tomkinson 2007; Gawłowski and Modrzyński 2019) that shared service centres can increase skills, capacity, and service delivery in local government. Tomkinson (2007) establishes that by pooling resources and expertise, shared service centres can provide access to specialized skills and expertise that may not be available within a single municipality. This can lead to increased capacity and efficiency in delivering services. Additionally, shared service centres can provide training and development opportunities to staff, which can lead to the acquisition of new skills and improved service delivery (Gawłowski and Modrzyński 2019).

6.2.3 The factors that support successful implementation of shared services in the South African local government.

Literature shows that there are several factors that can enhance the implementation of shared service in local government (Ulbrich, 2006). In an effort to understand these various factors in the context of South African local government, the researcher posed the question: what are the various factors that support the successful implementation of shared services in the South African local government? The interview responses suggest that successful implementation of shared services in South African local government depends on intergovernmental relations and stakeholder engagement, particularly among different municipalities. The interviewees emphasized the need for clear frameworks and guidelines that are simple and easy to understand, and the importance of ensuring that all municipalities have an opportunity to provide input and contribute to the development of shared services.

You see, the thing is the intergovernmental relations. In equal measure, if I can say by all stakeholders and government. Remember at the end of the day the shared service is about human relations. (Interview Field Study 2023).

Some participants also highlight the need for a linkage between different municipalities and their Integrated Development Plans (IDPs) to ensure that shared services are integrated and effective. The interviewees acknowledge that there may be gaps in development opportunities and that skills development is an area that needs attention. As such, they suggest that municipalities

should provide input into the development of frameworks and that an assessment of the skills gap is necessary to develop units based on required skills.

Each municipality contributes in terms of how that can assist in terms of providing employment opportunities, providing development opportunities for the community. So with having a shared services within those municipalities that obviously can assist as well. But obviously there has to be some sort of linkage between the different municipalities and the Idps and stuff. (Interview Field Study 2023).

The interviewees also highlighted the importance of skills development and addressing skills gaps among local government officials. They suggested that an assessment of skills gaps should be conducted and used to develop targeted training programs. The interviewees emphasized the potential benefits of shared services in terms of employment and development opportunities for communities.

The responses that emerged from the interview responses can be compared and assessed against those from the survey data in Table 7. The table presents quantitative data from the survey questions that sought understand the various factors that may aid the successful implementation of shared services in the local government in South Africa.

Table 7: The factors that support the successful implementation of shared services in the South African local government

The factors that support successful implementation of shared services in the South African local government.	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
Knowing what is to be shared	0,0%	12,1%	0,0%	24,1%	63,8%
Strong IT capabilities	0,0%	11,1%	0,0%	30,8%	58,1%
Effective change management	0,0%	11,9%	0,0%	29,7%	58,5%
Strong project management	0,0%	10,3%	0,0%	26,5%	63,2%
Top management support	0,0%	11,1%	0,0%	24,8%	64,1%
Good communication	0,0%	8,5%	0,0%	27,1%	64,4%
Problem solving	0,0%	11,3%	0,0%	29,6%	59,1%
Leadership skills	0,0%	12,8%	0,9%	23,9%	62,4%
Negotiation skills	0,0%	13,7%	0,0%	25,6%	60,7%
Political will at national and local level	0,0%	12,0%	1,7%	27,4%	59,0%
Policy and legal framework	0,0%	13,0%	0,9%	26,1%	60,0%
District development Model	0,0%	11,3%	0,0%	28,7%	60,0%

Source: Field Survey Data 2023

From the data presented, it appears that respondents generally agreed that certain factors were important for the successful implementation of shared services in the South African local government. The factor that received the highest level of agreement was "knowing what is to be shared," with 63.8% of respondents strongly agreeing and 24.1% agreeing somewhat. This suggests that having a clear understanding of what services are to be shared is crucial for the successful implementation of shared services. Other factors that received a high level of agreement were "top management support," with 64.1% of respondents agreeing somewhat or strongly, and "good communication," with 64.4% of respondents agreeing somewhat or strongly. This suggests that having support from top management and clear communication throughout the implementation process are also important for success. Respondents also agreed that having "strong IT capabilities," "effective change management," "strong project management," "problem solving," "leadership skills," "political will at national and local level," "policy and legal framework," and "District development Model" were important factors for successful implementation.

The quantitative data suggests that a combination of factors, including clear communication, strong IT capabilities, effective change management, and support from top management, are necessary for the successful implementation of shared services in the South African local government. The role of management in enhancing the prospects of successful implementation of shared services corroborated findings from previous research. Michelle and Yong (2019) establishes that management plays a pivotal role in identifying the right services to be shared based on the needs of the participating municipalities. This involves conducting a thorough analysis of the services required and identifying opportunities for collaboration and cost savings. It also responsible for establishing effective governance structures for the shared services center (Kroenke, Alford, Argoff, Canlas, Covington, Frank, Haake, Hanling, Hooten, Kertesz and Kravitz, 2019). This includes defining the roles and responsibilities of all stakeholders, establishing clear lines of accountability, and ensuring that appropriate oversight mechanisms are in place. However, there are differences on what the participants regard as the key factors in the survey and the interview responses. The interview responses indicate that the successful implementation of shared services in South African local government requires a collaborative approach involving multiple stakeholders and a focus on improving intergovernmental relations and addressing skills gaps. The development of clear frameworks and guidelines is also important to ensure that shared services are implemented effectively and efficiently. Despite these discrepancies, a mixed bag of factors affects the successful implementation of shared service centres.

6.2.4 The nature of back-office services considered for shared service centres

One of the questions that the participants asked sought to identify the nature of the back-office that could be considered for shared services centres in local government in South Africa. From

the interview responses, participants mention several potential services including Internal Audit, Supply Chain, HR, and ICT emergency services. However, the following response indicates an interviewee seemed less interested in the emergency services and more focused on services related to HR, ICT, Supply Chain, and Audit.

I think let's get...which two would you like, I think you gave us Internal Audit, Supply Chain, HR, ICT emergency services. Not much about the emergency services, I am mostly interested in the...office, the person that you have mentioned. ICT, HR, Supply Chain, Audit. (Interview Field Study 2023).

The participants also suggest that back-office services generally include support functions such as human resources, information technology, financial management, procurement, supply chain, and audit and planning. They also mention legal services as another critical support service that could be considered a back-office service.

mentioned...I think internal audit and planning. In our contextualization and conceptualization of shared services they might fall under what you call, back office services. (Interview Field Study 2023).

There was a discussion about the specific services that are currently part of the engagement and whether legal services and committee secretariat services should also be included. The interviewees suggested that these services could also be considered back-office services and should potentially be included in the shared services arrangement.

What, because we've got legal services which you mentioned, which is a very critical support service and also lends itself as a back-office service as well as the. What we call it now the committee secretariat, which includes also we've got an in-House small printing unit as well as a language services unit. So to all those in in fact the. (Interview Field Study 2023).

Generally, the interviewees seem to have a good understanding of the types of back-office services that could be considered for shared services and is focused on ensuring that critical support functions are included in the arrangement. There is also some discussion about the potential challenges and complexities involved in implementing a shared services model, including questions about who would be in control and how services would be coordinated. The interview responses are compared with the survey responses in Table 8.

Table 8 presents data that were captured in response to the questions that sought to identify the preferred back-office services that the municipal officials regard as most compelling.

Table 8: Back-office services could be considered for shared service centres

Back-office services could be considered for shared service centres	To no extent	To a little extent	To some extent	To a great extent
Finance	4.3%	1.7%	19.1%	74.8%
Supply chain services	4.3%	1.7%	23.9%	70.1%
Human resources	2.6%	4.3%	18.3%	74.8%
Legal services	4.3%	3.5%	24.3%	67.8%
Planning and IDPs	2.6%	1.7%	19.7%	76.1%
Information technology and communication services	3.4%	1.7%	24.6%	70.3%

Source: Field Survey Data 2023

Based on the data presented in Table 8, it appears that respondents largely agree that back-office services could be considered for shared service centres to a great extent. Finance (74.8%), supply chain services (70.1%), and human resources (74.8%) received the highest level of agreement for this statement. Legal services (67.8%) and information technology and communication services (70.3%) also received a relatively high level of agreement. Planning and IDPs received the highest level of agreement for 'to some extent' (19.7%) with the lowest agreement for 'to no extent' (2.6%) and 'to a little extent' (1.7%).

The data suggests that back-office services are considered by respondents to be suitable for sharing across municipalities. This can have benefits such as cost reduction, improved efficiency, standardization, and access to external resources. The high level of agreement for finance, human resources and supply chain services could indicate that these areas are seen as the most appropriate for sharing, and therefore may be the most common areas where shared services centres are implemented. However, it's worth noting that the data does not provide information on why respondents chose the extent of agreement they did, or what specific factors they considered when considering whether back-office services should be considered for shared service centres.

Put together, there are notable differences between the quantitative responses and qualitative data. From the interviews, it emerged that the most compelling services that the participants would consider are services such as ICT, Human resources and legal services. While these services were also ranked high in the quantitative data, finance services appeared to be the most compelling services that survey respondents consider. Despite the dissimilarities, findings from this study suggest that ICT, Human resource, ICT and Finance are regarded as key priorities.

6.2.5 Front offices that could be shared in South African local government

One of the questions that the participants were asked is what are the front-offices that could be shared in the SSCs. The interview responses suggest that several front services can be shared in shared services centers in local government.

Emergency services, fire management, and disaster management are among the services that can be shared. The interviewee stated that emergency services and disaster management units, including infrastructure development, maintenance of parks and recreation, and environmental services, can be shared.

I wouldn't like to mention water because I think what is in the within the competence of the district, but what about emergency services and things like that? And then it says that can be shared. (Interview Field Study 2023).

Moreover, some participants indicated that front office services such as LDP planning, municipal infrastructure grant, and end user services, like emergency services, infrastructure development, and maintenance services, can also be shared.

front office services such as your LDP planning and municipal infrastructure grant, but the end user services as well that can be shared. These are your emergencies service. They are like your disaster management unit, infrastructure development and maintenance of broad Parks and Recreation, environmental services that can also be shared. (Interview Field Study 2023).

In summary, the interview responses suggest that emergency services, disaster and fire management, and front office services such as planning, infrastructure grant, and end user services are potential front services that can be shared in shared services centers in local government.

Table 9 presents statistical data that was collected to identify the most desired service for the front-office services that could be shared in the local government in South Africa.

Table 9: The extent to which you think the following front-office services could be shared

Descriptive Statistics								
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share.	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share. [Planning and Integrated Development Planning]	114	9	1	10	8,35	0,197	2,099	4,407
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share. [Performance Management]	115	9	1	10	8,25	0,201	2,156	4,646
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share. [Local Economic Development (LED)]	115	9	1	10	8,40	0,186	1,999	3,996
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share. [Planning, Implementation and Management Support (PIMS)]	115	9	1	10	8,45	0,185	1,979	3,917
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share. [Municipal Infrastructure Grant]	113	9	1	10	8,17	0,216	2,295	5,266
On a scale of 1 to 10, rate the extent to which you think the following front-office services could be shared. 1 = least feasible to share, 10 = most feasible to share. [(Programme Management Unit)]	115	9	1	10	8,23	0,205	2,201	4,843
On a scale of 1 to 10, rate the extent to which you think the following front-end services (direct to citizens) could be shared. 1 = least feasible to share, 10 = most feasible to share. [Emergency Services]	114	9	1	10	8,46	0,202	2,154	4,640
On a scale of 1 to 10, rate the extent to which you think the following front-end services (direct to citizens) could be shared. 1 = least feasible to share, 10 = most feasible to share. [Infrastructure Development]	114	9	1	10	8,33	0,203	2,173	4,720
On a scale of 1 to 10, rate the extent to which you think the following front-end services (direct to citizens) could be shared. 1 = least feasible to share, 10 = most feasible to share. [Maintenance Services]	114	9	1	10	8,27	0,215	2,294	5,262
On a scale of 1 to 10, rate the extent to which you think the following front-end services (direct to citizens) could be shared. 1 = least feasible to share, 10 = most feasible to share. [Parks, Recreation and Environmental Services]	115	9	1	10	8,21	0,209	2,242	5,026
On a scale of 1 to 10, rate the extent to which you think the following front-end services (direct to citizens) could be shared. 1 = least feasible to share, 10 = most feasible to share. [Water and electricity supply]	115	9	1	10	8,30	0,216	2,313	5,350
On a scale of 1 to 10, rate the extent to which you think the following front-end services (direct to citizens) could be shared. 1 = least feasible to share, 10 = most feasible to share. [Sewerage and solid waste services]	115	9	1	10	8,30	0,211	2,264	5,126
Valid N (listwise)	109							

Source: Field Survey Data 2023

The data provided in Table 9 is a set of ratings on a scale of 1 to 10 for the feasibility of sharing different front-office and front-end services. The descriptive statistics for each service are presented in the table, which includes the range, minimum, maximum, mean, standard deviation, variance, and valid N (listwise). The mean ratings for the feasibility of sharing are generally high for all services, ranging from 8.17 to 8.46. This indicates that the respondents believe that most front-office and front-end services could be shared to some extent. However, there is some variation in the ratings, with the standard deviation ranging from 0.185 to 0.216.

The range for each service is 9, which means that all possible values on the scale of 1 to 10 were used for each service. The minimum and maximum ratings for each service also indicate that the respondents were willing to rate the feasibility of sharing at both extremes of the scale. The variance values for each service range from 3.917 to 5.350, indicating that there is some degree of variability in the responses for each service. However, it is important to note that the valid N (listwise) for the data set is 109, which is less than the total number of ratings provided for each

service. This suggests that some respondents did not provide ratings for all services, which could limit the generalizability of the results.

Overall, the data suggests that the respondents believe that most front-office and front-end services could be shared to some extent, but there is some variability in the ratings provided for each service. The limitations in the valid N (listwise) should also be taken into consideration when interpreting the results.

Based on the results, it may be recommended that further investigation be conducted to explore the potential benefits and drawbacks of sharing the various front-office and front-end services. Factors such as cost savings, increased efficiency, and potential impacts on service quality should be considered in deciding about whether or not to pursue sharing these services. Additionally, the results may be useful in identifying which services are seen as the most feasible to share and could be prioritized in any future sharing initiatives. Table 10 presents statistical data on the respondents rating of feasibility of sharing front office services where 1 = least feasible to share and 10 = most feasible to share.

Table 10: The extent to which you think the following front-office services could be shared

Scale	1	2	3	4	5	6	7	8	9	10
Planning and Integrated Development Planning	1,8%	0,0%	0,9%	4,4%	7,9%	0,9%	10,5%	8,8%	24,6%	40,4%
Performance Management	1,7%	0,0%	2,6%	4,3%	3,5%	7,8%	7,8%	7,8%	27,0%	37,4%
Local Economic Development (LED)	0,9%	0,9%	1,7%	2,6%	4,3%	4,3%	12,2%	8,7%	24,3%	40,0%
Planning, Implementation and Management Support (PIMMS)	0,9%	0,9%	1,7%	1,7%	4,3%	5,2%	12,2%	7,0%	24,3%	41,7%
Municipal Infrastructure Grant	2,7%	1,8%	0,9%	3,5%	4,4%	6,2%	10,6%	7,1%	24,8%	38,1%
Programme Management Unit)	1,7%	1,7%	1,7%	1,7%	6,1%	5,2%	11,3%	8,7%	22,6%	39,1%
Emergency Services	2,6%	0,0%	2,6%	1,8%	3,5%	6,1%	5,3%	7,9%	28,1%	42,1%
Infrastructure Development	1,8%	0,0%	4,4%	1,8%	3,5%	7,9%	6,1%	7,0%	28,1%	39,5%
Maintenance Services	2,6%	1,8%	1,8%	1,8%	6,1%	4,4%	7,0%	7,9%	27,2%	39,5%
Parks, Recreation and Environmental Services	1,7%	0,9%	3,5%	2,6%	6,1%	4,3%	9,6%	5,2%	29,6%	36,5%
Water and electricity supply	2,6%	0,9%	2,6%	3,5%	4,3%	5,2%	6,1%	7,0%	26,1%	41,7%
Sewerage and solid waste services	2,6%	0,9%	1,7%	3,5%	5,2%	4,3%	7,0%	7,0%	27,8%	40,0%

Source: Field Survey Data 2023

The data provided in Table 10 shows the percentage of respondents who rated the feasibility of sharing various front-office services on a scale of 1 to 10, with 1 being the least feasible and 10 being the most feasible. The data can be analyzed by looking at the distribution of responses

across the scale. It can be observed that the majority of the respondents rated most of the front-office services as highly feasible to share, with a rating of 7 or above. The front-office services that received the highest ratings for feasibility of sharing were "Planning and Integrated Development Planning" (40.4%) and "Local Economic Development" (40.0%), followed by "Infrastructure Development" (39.5%) and "Water and electricity supply" (41.7%). On the other hand, the front-office services that received the lowest ratings for feasibility of sharing were "Planning and Integrated Development Planning" (1.8%), "Performance Management" (1.7%), and "Local Economic Development" (0.9%) for the ratings of 1 and 2. This suggests that some respondents do not think it is feasible to share these services.

Overall, it can be concluded that the majority of the respondents believe that most of the front-office services are feasible to share, with a higher feasibility rating for services related to infrastructure and development. However, there are still some services where the feasibility of sharing is not perceived to be very high.

6.2.6. Factors that hinder the successful implementation of shared services in the South African local government

Evidence from literature shows that the implementation of shared services in local government is of crucial importance because of the financial and economic benefits that the approach has (Mi and Coffman, 2019). However, the implementation of the SSCs approach is often hindered by a plethora of factors such as resistance, lack of political will, limited resources, poor communication and regulatory and legal barriers. To better understand the various factors that may hinder the implementation of shared services, the researcher asked the specific factors that affect the realisation of the SSCs approach in various South African local governments.

The interview responses suggest that there are various factors that may hinder the successful implementation of shared services in South African local government. Firstly, there is a possibility of misalignment between national and provincial laws. Shared service centres typically operate across multiple provinces, which means they must comply with both national and provincial laws. If there is a misalignment between these laws, it can create confusion and make it difficult for the shared service centre to comply with all the relevant regulations. Below are some sentiments that captures the above assertion:

And one thing that we picked is that there could be some misalignment between the national X and provincial X and by laws in terms of planning. And there was a suggestion that, perhaps the shared service can help in bringing alignment between the bylaws and the national acts or national legislation. (Interview Field Study 2023).

Additionally, some participants stressed that there are inefficiencies at the national level that impact service provision at the local government level. There is still a big brother mentality among the provincial and national departments, which must change through change management interventions.

If the national government is inefficient in providing guidance, funding, or other support for shared service centres, it can delay the implementation of these centres at the local government level. (Interview Field Study 2023).

Inefficiencies at the national level can result in inconsistent standards for shared service centres, which can make it difficult for local governments to implement these centres effectively. As such, participants stressed that if the national government provides guidance that is vague or conflicting, local governments may struggle to know how to proceed. One participant hint that:

Fourthly, a lot of work needs to be done before shared services can be implemented, including changing systems, processes, and procedures. (Interview Field Study 2023).

Additionally, some participants indicated that there is lack of political will. The sentiments below capture some participants responses:

As much as it is possible. It also poses a lot of challenges. Both from the Community and from the politicians and from the administration. So, it really depends on. A serious challenge, and i tell you the biggest issue with my experience and I have also assisted my question hills on a number of times at different positions and from different. is that if there is no political will. (Interview Field Study 2023).

Finally, interviews expressed the concern that the fear of losing control and jobs may lead to resistance from officials. To illustrate, there may be a perception that people are losing control, leading to moonlighting and corruption. Sentiments below help illustrate the point:

Some people were even scared that if shared services are to be shared, some might lose their jobs or their influence (Interview Field Study 2023).

Finally, the success of implementing shared services depends on having proper planners who can plan long-term and anticipate risks and failures. Rushing the implementation of shared services may lead to failure, and there is a need for people who can plan for and manage the system's risks and potential failures. Overall, the interview responses highlight the importance of careful planning, change management, and the need to manage potential risks and failures to ensure successful implementation of shared services in South African local government.

Table 11 presents data from the survey question that sought assess the extent to which certain factors affect the successful implementation of shared services in the South African local government.

Table 11: Factors that might hinder the successful implementation of shared service in the South African local government

Factors that might hinder the successful implementation of shared service in the South African local government	To no extent	To a very little extent	To some extent	To a great extent
Lack of political will	1,7%	3,4%	18,8%	76,1%
Rigid policy and legal framework	0,9%	6,9%	25,0%	67,2%
Fear of losing jobs by municipal workers	1,7%	0,9%	22,4%	75,0%
Mismanagement of potential staff retrenchment	5,2%	3,4%	25,9%	65,5%
Lack of buy-in by well performing municipalities	1,7%	6,1%	26,1%	66,1%
Fear to lose autonomy and control (turf war)	2,6%	7,8%	27,6%	62,1%
High upfront investment	3,4%	11,2%	24,1%	61,2%
Not mandating use of shared services	4,4%	7,0%	21,1%	67,5%
Poor change management	1,7%	5,1%	27,4%	65,8%
Inflexible staff	4,3%	6,0%	23,3%	66,4%
Skills mismatch	3,5%	4,4%	26,5%	65,5%
The attitude of employees in the SSCs	3,5%	7,8%	18,3%	70,4%
Excessively short time to establish the SSCs	3,4%	6,9%	24,1%	65,5%
Lack of interest in SSC shown by municipal leadership	1,7%	3,4%	22,4%	72,4%
Mental attitude of workers transferred to SSC	2,6%	5,2%	23,3%	69,0%

Source: Field Survey Data 2023

The data represented in Table 11 shows the factors that might hinder the successful implementation of shared services in the South African local government. The survey participants were asked to rate the factors on a scale from "to no extent" to "to a great extent." The top three hindering factors identified were "lack of political will" with 76.1% rating it as a great extent, "rigid policy and legal framework" with 67.2% rating it as a great extent, and "fear of losing jobs by municipal workers" with 75% rating it as a great extent. Other significant factors hindering the successful implementation of shared services were "mismanagement of potential staff retrenchment," "lack of buy-in by well-performing municipalities," and "fear to lose autonomy and control (turf war)."

Factors such as "not mandating use of shared services," "poor change management," "inflexible staff," "skills mismatch," "the attitude of employees in the SSCs," "excessively short time to establish the SSCs," "lack of interest in SSC shown by municipal leadership," and "mental attitude of workers transferred to SSC" were also rated as hindering factors, but to a lesser extent than the top three hindering factors.

Put together, the survey responses and interviews responses corroborate. The two set of data points to the fact that lack of political will, rigid policy and legal framework and fear of losing jobs by municipal workers are some of the major factor that hinder the success of implementing shared services. The importance of political will as a factor in limiting the prospects of shared service centres is emphasised in literature. Burns and Yeaton (2008) found that when there is a lack of political will to implement shared services, it can create resistance to change among local government officials and employees. This resistance can make it difficult to implement shared services effectively and may lead to delays or even the abandonment of the initiative. Overall, the data highlight the importance of careful planning, change management, and the need to manage potential risks and failures to ensure successful implementation of shared services in South African local government.

6.2.7 The feasibility of shared service centres in South African local government

The interview question asked whether the shared service centers approach is feasible in local government in South Africa. The responses were varied. The interview responses provide a range of perspectives on the feasibility of shared service centers in South African local government. Some interviewees suggest that shared service centers have worked well in building capacity and improving skill sets in some municipalities. However, not all municipalities have opted to participate in shared services, and some are lacking resources, which could make it challenging to implement these centers effectively.

And it worked quite well in building the skill and all the practice when they were implementing a new legislations Luma. So, now I think there is capacity in the province and they were starting to...actually down skill the shared services, I know that only a few districts municipalities have that shared services but it was a success in terms of building capacity. (Interview Field Study 2023).

Other interviewees point out that political will is critical to the success of shared service centers, and without it, officials may overstep their boundaries, making it difficult to achieve the desired outcomes. Change management and planning are also necessary for the successful implementation of shared services.

A serious challenge, and I tell you about the biggest issue with my experience and I have also assisted my question hills on a number of times at different positions and from different. is that if there is no political will. They also become officials in in one way or the other, by stepping by, by overstepping their boundaries. (Interview Field Study 2023).

One interviewee gives a specific example of shared services for the advertisement of informal tender processes, which is ongoing and appears to be working well. However, there are concerns about the potential compromise of turn-around time if shared services are not carefully planned and managed. Table 12 presents survey results that illustrate the feasibility of shared service centres in South Africa.

Table 12: The feasibility of Shared Service Centres in South African local government

The feasibility of Shared Service Centres in South African local government	To no extent	To a very little extent	To some extent	To a great extent
South Africa local government will benefit from SSCs	0,9%	4,3%	20,5%	74,4%
It is feasible to implement SSCs, and the South African local government is ready for that	3,4%	15,3%	23,7%	57,6%
It is not possible to implement SSCs	10,3%	14,5%	15,4%	59,8%
Participation in SSCs should be mandatory	3,4%	2,6%	29,3%	64,7%
Municipalities should be given the choice/autonomy to decide on participation in SSCs	6,8%	4,2%	22,0%	66,9%
The implementation of SSCs should be gradual/incremental	0,9%	7,8%	24,1%	67,2%

Source: Field Survey Data 2023

Table 12 presents data that shows the extent of the feasibility of shared services in South African local government. Based on the data provided, the majority of respondents (74.4%) believe that South African local government will benefit from Shared Service Centres (SSCs). However, there is a significant portion of respondents (10.3%) who do not believe it is possible to implement SSCs. Additionally, while 23.7% of respondents believe that it is feasible to implement SSCs and that the South African local government is ready for it, a larger portion (57.6%) are only somewhat convinced of the feasibility. This suggests that there may be challenges or concerns that need to be addressed before implementation can occur.

The data also shows that there is a split opinion on whether participation in SSCs should be mandatory (29.3%) or if municipalities should be given the choice/autonomy to decide on participation (22.0%). The largest portion of respondents (64.7%) believe that oversight should be exercised in a way that is accountable and transparent. Overall, the data suggests that while there is some support for SSCs in South African local government, there are also concerns about

feasibility and implementation. It may be necessary to address these concerns and engage in more dialogue with stakeholders before moving forward with implementation.

Put together, the responses suggest that while shared service centres can be successful in building capacity and sharing resources, implementing them requires planning, capacitation, change management, and political will. Practical challenges such as council meeting clashes also need to be taken into consideration.

In summary, the shared services approach has emerged as a popular strategy for achieving cost savings, greater efficiency, and improved service delivery in the South African local government context. The findings from this section suggest that there is a growing interest in shared services among municipal officials, with many acknowledging its potential benefits. However, the successful implementation of shared services requires careful consideration of a range of factors, including change management strategies, stakeholder engagement, and the nature of back-office services considered for sharing. It is, therefore, recommended that policymakers and business leaders act to enhance the feasibility of shared services in the South African local government context by implementing effective change management strategies and investing in the necessary infrastructure and technology. Further research is also needed to explore the impact of shared services on municipal planning and to identify best practices for successful implementation. Overall, the shared services approach presents an exciting opportunity for local municipalities to work collaboratively and achieve greater efficiency, cost savings, and improved service delivery.

6.3 The role of the District Development Model (DDM) in the “shared services approach”

This section examines the importance of DDM in enhancing Shared Services in various selected municipalities in South Africa. Various responses were obtained from both the questionnaire surveys and interviews. The study results were presented in a thematic form following the objective of this section. Respondents were asked to rate the extent to which they believed the DDM would assist in supporting the establishment of shared services centres. The responses are displayed in Table 13.

Table 13: Main areas in which DDM can support the implementation of shared services

District Development Model following objectives will assist in realisation of Shared Services Approach	To no extent	To a very little extent	To some extent	To a great extent
Coordinate a government response to challenges of poverty, unemployment and inequality	3,1%	25,2%	63,3%	2,4%
Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level.	2,4%	37,0%	59,8%	0,8%

Narrow the distance between people and government by strengthening the coordination role and capacities at the District and City levels.	2,4%	26,8%	68,5%	2,4%
Foster a practical intergovernmental relations mechanism to plan, budget and implement jointly	2,4%	29,1%	68,9%	0,8%
Maximize impact and align plans and resources at our disposal through the development of “One District, One Plan and One Budget”.	3,1%	27,6%	68,5%	0,8%
Strengthen monitoring and evaluation at district and local levels.	3,9%	26,0%	68,5%	1,6%
Implement a balanced approach towards development between urban and rural areas.	4,7%	31,5%	63,0%	0,8%
Build government capacity to support to municipalities.	4,0%	28,6%	65,1%	2,4%
Exercise oversight over budgets and projects in an accountable and transparent manner.	3,9%	29,9%	63,8%	2,4%
N=128				

Source: Field Survey Data 2023

6.3.1 Coordinate a government response to challenges of poverty

The DDM was developed by the Presidency to have one district budget which was believed to be crucial in enhancing municipal operations and service delivery at large. The implementation of the DDM coincides with the introduction of the SSCs which are believed to have the capacity to transform how municipalities function. The analysis of quantitative findings on the role of DMM in realizing the SCC has shown that 69,3% of the respondents to some extent agreed, 25,2% agreed to a very little extent while 3,1 % to no extent agreed and 2,4 to a great extent agreed that DDM can help in coordinating a government response to challenges of poverty, unemployment and inequality particularly amongst women, youth and people living with disabilities. These findings portray a sense of willingness from study participants to appreciate the use of DDM in Coordinating government programs that may curb poverty and inequalities among vulnerable groups. The participants were asked to contribute their views regarding the role of DDM in implementing the SSC. One participant revealed that:

DDM is a strategic plan that requires the commitment of municipalities to avoid any confusion in service delivery. (Ehlanzeni municipality)

The above comment indicates that DDM is a very good plan that can be used to turn around the functioning of local municipalities by having adequate finances managed at the district level. In its implementation, therefore, it is expected that municipalities must be committed to working under one set and achieving financial viability. However, other responses from participants indicate the other challenges that may emanate from implementing DDM within the SCCs. One of the problems as mentioned by one participant is that:

District municipalities in some cases cannot implement DDM which may affect the delivery of services in local municipalities (Bushbuckridge municipality).

This point resonates well with various arguments raised in literature where district and local municipalities both cannot implement various programmes or plans such as DDM. This problem stems from various factors related to limited expertise to interpret and implement legislations and plans that may promote the implementation of SCCs. This assertion shows that more needs to be done concerning capacitating officials working in District municipalities which is vital for implementing the DDM to aid the SCC.

Commenting on the role of DDM in advancing SSA, one of the participants claims that

Red tape is a problem as local government are strongly regulated which affect decision-making and other critical municipal operations including the implementation of DDM. between how governments fear of government is working or operating. (Enhlanzeni municipality).

The above assertion confirms various viewpoints raised in literature regarding the role of red tape in municipal decision-making. In most cases, the chain of command from top to low management affects how elected municipal officials implement the DDM hence such red tape may affect the institutionalization of DDM within the SCC. As noted from the findings there is a need for bureaucracy to be operated in a way that promotes the implementation of DDM within an SCC which is also critical for improving the delivery of services among vulnerable groups in communities.

6.3.2 Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level

Achieving gender inclusivity in workplaces is one of the aims of the South African government. A common consensus emerging in literature is that women in particular are underrepresented in positions of higher authority in the three spheres of government. A local government which is regarded as the closes sphere to the citizens needs to ensure gender equality in IDP processes and other roles local municipalities might embark on. In an attempt to realise the SSA, the researchers asked the study respondents about their views regarding the DDM to see if it can ensure gender inclusivity in addressing community needs. The analysis of quantitative findings in Table13 indicated that 60% of the respondents to some extent agreed gender inclusivity in budgeting should be considered, 37% to a very little extent agreed, and 2,4 to no extent agreed that DDM can foster gender inclusivity in budgeting at local level which is crucial in the development of a SCC. While a huge percentage showed that people are beginning to warm to the idea of using DDM to ensure inclusivity in SCC, there is a need to raise awareness within the

local government to ensure that people understand the use of DDM and how it can help promote gender inclusivity in key municipal areas such as IDP and budgeting processes.

The same question was posed to study participants to assess their level of understanding regarding gender inclusivity and collaboration in municipal IDPs. Below are some of the responses:

Now, these two local municipalities are not able to pay their debts. Their debts started from zero, but today they are sitting at over a billion in rent. So, what we have done, is we have come up with a shared service or a shared program called the municipal Finance Recovery Program. In this program, we have got copter provision participating. We have got a Treasury provincial and national. (Dr Kenneth Kaunda District municipality, 1).

While the above quotation does not directly speak to collaborative IDP participation it speaks to the implementation of SSA where municipalities help each other to offer some of the services they render. In this case, implementing the DDM can help these municipalities improve their cooperation and coordination in implementing a SCC for improved service provision. Commenting on the issues of participation in IDPs another participant added:

In participating we have ourselves a chance to be associated with SALGA which is a custodian of this recovery plan. We are assisted on how to pay our Eskom debt by formulating a reasonable payment plan to settle the 1.2 billion rent over some time. This is fundamental to reducing interests' rates that may cripple our financial capacity. (DKK, 2).

The findings above indicate that some municipalities associate themselves with SALGA, which assists them with recovery plans on how they could mitigate electricity bills. Usually, in South Africa, local municipalities render basic services such as water and electricity in some cases accumulating huge bills. The implementation of DDM in such municipalities could usher in a sense of municipal sanity as the SCC can help stabilize local municipalities' financial operations. Risky municipalities that fail to meet their electricity bills could benefit from implementing the DDM to achieve a SCC.

6.3.3 Narrow the distance between people and government by strengthening the coordination role and capacities at the District and City levels

The inception of the DDM in local municipalities marked a new era where the national government expects speedy implementation of government plans including delivery of services to local communities. The DDM's implementation to realise the SSC is targeted at narrowing the distance between people and government in strengthening the coordinating and capacity role of district and city levels. The respondents were asked about their views regarding the implementation of

DDM within the SCC to mitigate the service delivery distance between service providers and citizens. Table 13 reveals that 69% of the respondents to some extent agreed, 27% to a very little extent agreed, and 2,4% to no extent and a great extent agreed that DDM objectives within the SCC can be fundamental in narrowing the service delivery distance between people and government. Based on the findings, it is evident the DDM is still receiving lukewarm attention as its implementation in SCC is still to be realized. By raising awareness perhaps people to a greater extent will change their viewpoints and regard DDM as a strategic mechanism to enhance coordination of public officials at district and municipal levels in service provision.

The analysis of qualitative findings indicates that proper implementation of DDM can help achieve the SSA. However, one of the participants warns of the cooperation and commitment required from municipal officials to ensure that a SCC functions in unity and harmony for citizens' service delivery. Observing such views, the participants attested

Careful implementation of the DDM can help citizens acquire services in time without having any hustles, however, the commitment of municipal officials is required to realise the capacity of DDM in a SCC (Matlosana municipality 1).

As confirmed in the quantitative findings the DDM can indeed turn around the functioning of a SCC when all stakeholders are committed and are accountable to one another in the manner they render services. Further, the findings reflected a sense of unity and a strong collaborative spirit among partners which is crucial to avoid undermining each other in matters affecting the SCC.

6.3.4 Foster a practical intergovernmental relations mechanism to plan, budget and implement jointly

The importance of Intergovernmental relations is emphasized in local government literature in South Africa. The aim is to ensure that municipal departments coordinate properly to improve their capacities in service delivery. Municipalities as well are expected to collaborate on issues of common interest which are vital under the DDM. The growing concern from local municipalities to embrace the SSA approach is timely given various service provision challenges faced by local government. The DDM can therefore act as a catalyst in strengthening planning budgeting and implementation of local government programmes and plans. Against this background respondents were asked about their view regarding DDM if it can be used efficiently to foster intergovernmental relations in key areas such as planning budgeting and implementation. Table 13 indicates that 67% of the respondents to some extent agreed, 29,1% to a very little extent agreed, 2,4% to no extent agreed and 1,6% to a great extent agreed that DDM could be instrumental in fostering practical IGR mechanisms concerning planning, budgeting and implementation within a SCC. Although a huge percentage shows the willingness to embrace DDM to a greater extent people are still sceptical as to what the DDM will deliver within a SCC.

The analysis of qualitative findings brought a somehow diverse dimension as to what may trigger limitations with regard to DDM implementation to achieve the SSA. It is important to highlight that; the functioning of local municipalities is based on their capacity and resources to effectively render basic services. Central to the effective provision of services are municipal finances and the capacity of a local municipality to raise funds to address certain areas of priorities while improving municipal overall performance management. The respondents were asked about their views regarding the implementation of DDM to narrow the distance between people and government in relation to district and city levels. A majority of the respondents (70%) agreed to some extent, 29, 3% indicated to a very little extent, while 0.9% to no extent agreed that DDM assistance is curbing the service delivery gap in their municipalities. It might be possible that financial resources can be one of the factors affecting DDM implementation to achieve a SCC in the surveyed local municipalities. These findings draw a resemblance to the qualitative findings.

While the inception of the DDM in 2019 triggered much hope in various ailing local municipalities in South Africa although little has been done by the national government to support local government to implement the DDM. Interviews conducted with various participants indicated a conflicted view regarding the acceptance and implementation of DDM. One of the participants expressed disappointment:

Yes, DDM is good on paper but there is a need for financial resources to support the implementation of various programmes at the district and local levels (RW 3).

Availing of financial resources is one challenge facing the national government. Apart from equitable share, it seems local municipalities struggle to implement DDM which may be far much worse with the proposition for a SCC. Funding is crucial for allowing experts within an SCC to execute their mandate efficiently and effectively. While commenting on the role of DDM in advancing municipal shared services another participant added:

DDM is too technical it requires knowledge supported by funding to implement it. There is a need to raise awareness of DDM to allow municipalities to understand the concept so that it can be supported in the proposed SCCs (Randwest Municipality, 1).

The complexity surrounding DDM may affect its implementation in SCCs in South Africa. Common responses from participants have shown that the DDM was developed and emphasized without adequate preparation of local municipalities to embrace it. Although it is implemented at the district level there seems to be confusion regarding the role of District Municipalities in driving SCCs. This assumption was confirmed by one of the participants who believe that:

The implementation of DDM at the district level triggers much confusion as common knowledge is that we have 3 spheres of government but in reality, three are four. The role of district

municipalities seems to be a duplicate of the role of metropolitan municipalities. The implementation of a SCC may trigger issues of autonomy as some municipalities will feel dominated (Randwest 2).

While on similar issues, another participant added:

Resisting change is one of the main factors that affect DDM in realizing the shared services centres. (Randwest 3).

The fear of the unknown is alluded to in the survey of literature as municipal officials in most cases stick to the basics in the process failing to realise change. The fact that negative mindsets exist in the local sphere can adversely affect the success of DDM in realizing the SCC. There is a need to revisit the concept of DDM and conscientious local municipalities, the concept is meant to enhance financial viability while improving the capacity of various municipalities to render services they cannot offer in an efficient and accountable manner. The above findings point to the absence of awareness concerning DDM which is a vacuum that researchers need to fill by probing the LGSETA, SALGA and provincial and national departments to offer the much-needed support to local municipalities to implement the DDM which is key in achieving an SCC.

6.3.5 Maximize impact and align plans and resources at our disposal through the development of "One District, One Plan and One Budget"

The DDM is designed in a way that informs the use of One Plan and Budget as a way of saving resources and effectively responding to service delivery demands. Although the DDM has been enacted its implementation in local municipalities has shortfalls in terms of capacity and this may affect its implementation in SCC. The study respondents were asked about their views regarding the DDM to see if it can be actively implemented in SCC to align municipal plans with the One budget and One plan. Table 13 indicated that 69% of the respondents to some extent agreed, 28% to a very little extent agreed, 3,1% to no extent agreed and 0,8% to a great extent agreed that DDM can help in maximizing and aligning resources of municipal through the use of the One Plan and One Budget within a SCC.

The analysis of qualitative findings indicated the issues of autonomy which municipalities fear might erupt in case the DDM is implemented in a SCC. Although the idea of maximising resource use through One budget sound solid, other smaller municipalities for instance may feel dominated by entering the SCC. Such fear was confirmed by one participant who claims that:

Autonomy issues emerge when the DDM is implemented in a SCC. Some municipalities may feel dominated by another hence this clash over who should be in charge may affect the implementation of DDM and may disrupt the functioning of a SCC and the overall objective of saving financial resources (Randwest 3).

This assertion speaks to existing bureaucratic problems local municipalities face when rendering public goods and services. Embracing new concepts is often a challenge in local government hence the DDM is regarded as a difficult concept to implement even in a SCC. Further as reflected in the findings, the implementation of DDM does not directly translate to improved municipal planning with a SCC which shows that the willpower of both elected officials and political office bearers is required to drive DDM to fully maximize resource use in a SCC.

6.3.6 Strengthen monitoring and evaluation at district and local levels

The implementation of community-based projects in local government in South Africa is associated with various challenges such as the absence of skills, inadequate monitoring and evaluation competencies, corruption and mismanagement. These challenges have acted against the concept of M&E at the local government level which disrupts the functioning of local economic development projects. Monitoring and evaluation of government programs at district and local levels are crucial because these spheres are closer to the end users of services who are citizens. From this understanding, the study respondent was asked about their view regarding DDM to see if the concept can be used to strengthen M&E at both districts and local levels. It is indicated from the table that 69% of the respondents to some extent agreed, 26% to a very little extent agreed, while 4% to no extent agreed and 2% to a great extent agreed that DDM can be used within a SCC to strengthen monitoring and evaluation at district and local levels.

Qualitative findings corroborate the findings stating the significance of M&E in projects at local government. The study responses indicated that local municipalities using the DDM should regularly exercise M&E as it helps in ensuring that local government projects are implemented fully to help communities as part of development strategies. Since the SCC seeks to ensure effectiveness in service rendering, M&E can be fostered to allow municipalities to enhance service provision while ensuring that funds meant for projects are implemented without any deviations.

6.3.7 Implement a balanced approach towards development between urban and rural areas

Respondents were asked about their views regarding the role of DDM in implementing a balanced approach towards the development of urban and rural areas. Table 13 shows that to some extent 63% of the respondents agreed, 32 % of the respondent to a very little extent agreed while 5% of the respondents to no extent agreed and 0,8% to a greater extent agreed that implementing DDM to achieve an SSA can help to implement a balanced approach towards development between urban and rural areas. It can be noted from the findings that a greater percentage of respondents want to believe that DDM is crucial in facilitating the development of both rural and urban areas. Perhaps their beliefs are motivated by the need to improve rural areas hence rural municipalities are expected under DDM to implement a One Plan and Budget coordinated from a district level.

Implementing such poor service delivery can be reduced as well as rapid urbanization in major cities. The analysis of qualitative findings did not reveal much regarding the implementation of DDM to attain the SSA. This is probably because the concept of DDM is still to be embraced in the local sphere hence the SSA requires resources and expertise to make sure it becomes a successful in-service provision.

6.3.8 Build government capacity to support municipalities

Achieving a developmental local government capable of rendering public services is what citizens require in communities. The establishment of the DDM in 2019 could have aided this desire to have a well-functioning local sphere which is responsive to the needs of the people. Nevertheless, building local government capacity through DDM has not been adequately achieved in South Africa due to many institutional factors which may as well affect the development of a SCC. The study respondents were asked about their views regarding DDM as a pivotal mechanism to build government capacity for supporting local municipalities. 65,1% of the respondents to some extent agreed, 29% of the respondents to a very little extent agreed while 4% to no extent agree and 2,4% to a greater extent agreed that implementing a DDM within a SCC can help build government capacity to support local municipalities. These findings point to various issues affecting local municipalities which may not be adequately addressed by the DDM in SCCs. Capacitating SCC for instance can be one of the fundamental steps in ensuring that the DDM become responsive to the need of the citizens using the One Participants from the qualitative research have drawn similar conclusions when they air their views on the use of DDM to achieve a SSA. The common view was centred around the DDM implementation in a SCC as it is regarded as a costly exercise that is supposed to be balanced by both skills and finances. Nevertheless, study participants revealed that DDM is critical in addressing various weaknesses in local government hence SCCs can be the answer to curbing irregularities while improving financial accountability.

6.3.9 Exercise oversight over budgets and projects in an accountable and transparent manner

Operating a capable and effective local municipality using DDM requires officials to uphold accountability and transparency in how public monies are used. The idea of introducing SCCs can help local municipalities in South Africa improve their capacity to play an oversight role on public resources while ensuring that funds intended for community development are used in a transparent and accountable manner. In this study, respondents were asked about their views regarding the DDM objectives to see whether they can assist in enhancing oversight over budgets and projects in an accountable and transparent manner. From the table, it reflects that 64% of the respondents to some extent agreed, 30% to no extent agreed while 2,4% to a great extent agreed

that DDM could assist in the realisation of SSA while guaranteeing oversight over budget and projects in a transparent and accountable manner. These findings speak to various political dynamics that are in play when it comes to the implementation of DDM to achieve SCC in local municipalities. The various political players in the most case may determine the success of the DDM in SCC.

The qualitative finding revealed a similar trend with regard to the implementation of DDM as the emerging narrative speaks to the existence of political dynamics in this case political buy-in is required to ensure the smooth functioning of SCCs using the DDM. One of the participants confirmed this stating:

You cannot dismiss political interference in the implementation of SCCs because the politicians are the ones who give the go-ahead to the formation of SCC (Randwest 1).

Another participant added:

The interference of politicians is called an intervention. You cannot have a successful DDM in SCC without the political voice or approval. (Randwest 3).

While the above quotation stipulates the role of politics in the implementation of DDM within an SCC it is critical to note both politics and administrators play critical in ensuring that a SCC functions well. One of the participants further emphasised the role of politicians in DDM implementation saying:

The political dynamics in local municipalities cannot be ignored as coalition politics for instance determine the success of DDM within a SCC. In most cases, you see that we have different parties heading a municipality which may result in conflicting views regarding the DDM (Randwest 2).

The above assertion indicates the extent to which coalition politics determine the successful implementation of DDM to realize a SCC. While the quantitative findings show that DDM could operate transparently, the core issue lies in the political and administrative leadership to drive the DDM to attain the SSA. It is emerging from these findings that the role of political players cannot be divorced from the implementation of DDM in a SCC. In this case, fostering close collaboration among various political and administrative players is fundamental to ensure that resources are used in an accountable and transparent manner.

The presentation of the qualitative and quantitative findings was guided by emerging themes from the study questions. The analysis of quantitative findings has shown that the majority of surveyed municipalities to some extent prefer the DDM to be implemented to achieve municipal efficiency and support the attainment of SCCs. The same feeling was noticed in the analysis of qualitative

findings as some participants confirm that their municipality prefers to share services such as local departments which is critical and also lacking in various local municipalities. So, by joining hands through the formation of the SCC, participants confirm that DDM can be implemented to realise the SCC. Apart from the strategic efforts surveyed municipalities embarked on in embracing DDM various challenges affect the implementation of DDM to achieve a SCC.

The study of Nel and Minnie (2022) confirms that DDM is far more complex and yet technical which makes the concepts difficult to operationalise in local municipalities. Although DDM has been reemphasised from the national sphere its implementation in local municipalities is difficult due to other reasons such as the unavailability of skills and improper institutionalization of the concept within the municipal setting. Emerging from the qualitative analysis is the absence of skills to implement DDM to realise the SSA. A study conducted by Moji, Nhede & Masiya (2022) confirms that skills shortage is a hindrance affecting local municipalities in South Africa which triggers corrupt activities in municipal operations. As result, this affects the implementation of DDM as the concept demands technocrats and visionary thinkers who see beyond service delivery. Attracting such a caliber of professionals has been hard in local government due to high turnover as employees tend to seek better working conditions in the private sector or emigrate to other countries.

While DDM demands a well-coordinated workforce for its implementation to realise a SCC, Nel and Minnie (2022) claim that municipalities need to cultivate the existing talent while harvesting new talent within the current workforce to ensure that skills needed are available to drive the DDM to realise the SSA. This is crucial because responses emerging from quantitative analysis reflect a lukewarm response to the implementation of DDM, which shows little confidence in the concept being operationalised to enhance service delivery in SCC. Similarly, qualitative findings reflect the issues surrounding the concept related to technical experts, resource constraints and poor institutionalisation which trigger challenges for implementers of SCC.

The politics and administration interface emerged from the analysis of qualitative data as one of the issues that may affect the role of DDM in attaining SCC in municipalities. The common narrative from the literature is that too much political interference in the work of a SCC can have a detrimental effect on service provision. Nonetheless, the interview expressed a rather different view regarding the role of politics in municipal settings. As noted in the findings, the role of politics in DDM is regarded as an intervention which also affirms COGTA's (2021) view that to curb financial distress and poor planning due to corruption municipalities must be assisted politically to implement strategic plans such as DDM. Reasoning from this point, various local municipalities are tempted to embrace DDM which can be implemented in SCC to enhance the financial accountability of local municipalities while improving service provision. The Auditor General

Report (2020) highlighted various challenges that affect local municipalities which can be solved when DDM is implemented within SCC. Not forgetting the role of politics in championing DDM, study results portrayed that, it is the willingness of both politicians' elected office bearers to champion SCC which are envisaged to turn around the service delivery landscape in various risk municipalities in South Africa.

However, such aspirations of implementing DDM in local municipalities are politically connected and politically determined which implements the broader DDM concept complex leaving public managers in most cases relying on the political will of politicians. The significance of politicians in driving DDM has been firmly noted in the finding as participants expressed their concerns regarding the political arm as its inclusion in the formation of SCCs is needed and yet discouraged to minimize political interference. Above all, the analysis of both quantitative and qualitative findings has shown that political will is critical in implementing DDM to realise the SCCs. These assertions corroborate the study of Currie (2021) which indicates the success of DDM in realising SCC is hinged on the willing change culture of all role players operating within the DDM framework. The scholar adds that such willingness is fundamental for fostering a collaborative vision between sector departments.

In summary, this section focused on examining the importance of DDM in enhancing Shared Services in various selected municipalities in South Africa. A mixed method approach enabled the researchers to interrogate the views of municipal officials regarding the role of DDM looking at various subsections such as coordination of DDM, inclusivity of gender in municipal affairs, narrowing distance between government and citizens, and fostering an IGR among partners among others. The analysis of these subsections has revealed many issues regarding the role of DDM in achieving a SCC. From the analysis of quantitative finding majority of respondents indicated that to some extent they believed DDM can be instrumental in attaining a SCC. The responses give the impression that more needs to be done to raise awareness of the use of DDM. Further gaps noted are that DDM, since its inception in 2019, has not been carefully institutionalised within municipal settings, making it a complex plan which officials from qualitative analysis believe requires extensive expertise supported by financial resources. While this view may not be far from reality, evidence from the qualitative analysis has shown that DDM is a strategic plan that can transform the function of SCCs, however, revelations from the study are that municipalities were not fully prepared to embrace the DDM concept let alone its use in a SCC. This gap calls for reinforced efforts from the provincial and national governments to ensure that the DDM concept is carefully understood, and aligned with municipal plans while being implemented to enhance the competencies of municipalities in public service provision. While studies are still few to qualify the use of DDM in SCC in South Africa, municipal planners are

positioned to foster close collaboration with research institutions to balance theoretical and practical knowledge which can help in determining the feasibility of DDM within a SCC. To effectively implement the DDM to realise a SCC, municipalities need to consider the importance of both the political and administrative will as these two aspects determine the sustainability of a SCC in selected municipalities. Supporting the competencies of municipal officials in SCCs is crucial to strengthen the smooth functioning of SCC using the available human and financial resources.

6.4 The efficiency and effectiveness of municipal planning in the context of the “shared services approach”

The introduction of a shared services approach is likely to improve the efficacy of municipal planning. Drawing on interview and survey data, this section illustrates how and where this is likely to happen based on respondents’ perceptions.

6.4.1 Shared services centres prospects of improving municipal planning

In the context of examining the feasibility of shared service centres, the interview question asked whether shared service centres are likely to improve municipal planning in different areas. The responses suggest that shared service centres can positively impact municipal planning in various ways.

One response indicates that shared services support institutions to plan together, which is something that they have been struggling with for many years. The legislation requires planning together between government departments and municipalities, but it has not been implemented effectively. The shared service centres can help to force collaboration among the municipalities, which would improve planning as indicated in the participant’s response:

shared services are already highlighted the positives that we have in terms of to force the institutions to plan together which is something that we have been struggling for quite a number of years. It’s in the legislation but don’t seem to be getting to the level that we want in terms of planning together between government departments and between the municipalities. (Interview Field Study 2023).

Another response indicates that the shared service centres were initiated by the province to address the lack of capacity for town planning in smaller municipalities. The smaller municipalities pool their resources to fund a town planner who can work for both municipalities. The shared service centres still exist, and they are responsible for planning issues across multiple municipalities.

it was initiated by the province to say there's a lack of capacity in terms of town planning in our local municipalities and individual municipalities cannot afford town planners. So, the smaller municipalities would group money together to fund the town planner then who would work for both the municipalities. (Interview Field Study 2023).

The interviewees believe that shared services morally force them to work together on a daily basis, which can improve their operations. The shared services can assist in the implementation of key projects within the region, which would align the municipality's actions with those of the province. The interviewee notes that standardization in planning is already quite advanced in the province as presented in the following excerpt:

So, the shared component should be able to guide in terms of the standardization of processes. How it will go about so that there's common understanding of how we are going to get the service and what is expected of us. So, there should be that standardization of processes, but I am not sure if it's there or not there because it's possible that each municipality will have own way of doing things. (Interview Field Study 2023).

Table 14 illustrates the results from the survey questions that sought to identify the extent shared services improve planning in different areas. Data presented in this table supports findings that emerged from the interview responses.

Table 14: The shared services centres are likely improving municipal planning in different areas

The shared services centres are like improve municipal planning in different areas	To no extent	To a very little extent	To some extent	To a great extent
Shared service centers will improve municipal planning	1,7%	0,8%	22,9%	74,6%
SSCs can result in improved plans which can help in making informed decisions	1,7%	6,8%	25,6%	65,8%
SSCs will assist municipalities to consolidate planning activities and share skills, resources, ICTs and expertise	0,8%	3,4%	18,6%	77,1%
SSCs will address the challenge of conflicting decisions with respect to the local provincial planning Act/by-laws	1,7%	3,4%	22,2%	72,6%
SSCs will bring evenness to planning application process (Less formal areas and townships areas)	3,4%	4,2%	22,0%	70,3%
SSCs will address old and modernist approaches to planning that are unresponsive to needs of current society	3,4%	6,0%	22,4%	68,1%
SSCs will reduce political influence in planning decisions	4,2%	8,5%	20,3%	66,9%
SSCs will bring uniform compliance with different Acts that guide municipal planning`	3,4%	4,3%	23,1%	69,2%
SSCs will increase the skills and expertise to plan, implement and enforce municipal plans	2,6%	4,3%	21,7%	71,3%

Source: Field Survey Data 2023

Table 14 presents data on the shared service centres that are likely to improve municipal planning in different areas. The data shows that a majority of respondents (ranging from 65.8% to 77.1%) believe that the Shared Services Centers (SSCs) will to some extent or to a great extent improve municipal planning. Respondents believe that the SSCs can result in improved plans which can help in making informed decisions, assist municipalities to consolidate planning activities and share skills, resources, ICTs and expertise, bring evenness to planning application process, and address old and modernist approaches to planning that are unresponsive to the needs of current society.

The respondents also believe that SSCs will address the challenge of conflicting decisions with respect to the local provincial planning Act/by-laws, bring uniform compliance with different Acts that guide municipal planning, and increase the skills and expertise to plan, implement and enforce municipal plans. However, a significant proportion of respondents (ranging from 18.6% to 31.3%) believe that the SSCs will to no extent or to a very little extent improve municipal planning.

Put together, the responses suggest that shared service centres can positively impact municipal planning by forcing collaboration among institutions, supporting smaller municipalities with limited resources, and aligning municipal and provincial actions. The shared service centres can also improve standardization in planning, provide professional expertise, and integrate planning across municipalities. These findings are supported by evidence from previous studies. For instance, Forst (1997) argues that shared service centres can improve municipal planning by consolidating services such as planning, infrastructure development, and management support, shared service centres can provide greater efficiency and cost savings. With shared service centres, local governments can pool resources and share costs, resulting in the optimization of limited resources. Similarly, Cooke (2006) asserts shared service centres can promote standardization and consistency in service delivery. By consolidating services, shared service centers can ensure that service delivery is standardized across multiple locations, reducing the possibility of duplication and inconsistencies in service quality.

6.5 The role of the LGSETA in supporting the “shared services approach”

In South Africa, the Local Government Sector Education and Training Authority (LGSETA) oversees the education and professional development of a variety of local government stakeholders as well as unemployed residents. As confirmed in the LGSETA (2020) report, it mostly entails developing and implementing creative learning and training programmes for skills that guarantee the local government's service delivery personnel is appropriately trained to fulfil

the constitutional mission. Deriving from this understanding, the following section presents both quantitative and qualitative data on the role LGSETA plays in supporting the shared services approach while ensuring capacity building and general upskilling of municipal officials at selected local municipalities in South Africa. On a scale of 1 to 10, respondents were asked to rate the extent to which they thought the role of LGSETA should be where 1 = least important role, 10 = most important role. The descriptive statistics of their views are shown in Table 15.

Table 15: Descriptive statistics of the respondents on the role of LGSETA in the implementation of SSCs

The role of LGSETA	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Coordinate skills development initiatives for SSCs	128	8	2	10	8,30	2,154	4,639
Promote SSCs awareness among municipal practitioners	128	8	2	10	8,39	2,099	4,406
monitoring and evaluating the performance of SSCS training initiatives	128	8	2	10	8,33	2,175	4,729
Provide funding for SSCs workshops	128	8	2	10	8,51	2,044	4,177
Valid N (listwise)	127						

6.5.1 Coordinate skills development initiatives for SSCs

One of the roles of LGSETA in South Africa is to coordinate skills development initiatives for local municipalities and most importantly assist in the establishment of SCCs. The data provided in Table 15 shows the percentage of respondents who rated the importance of LGSETA in realising the SCC on a scale of 1 to 10, with 1 = least important role, 10 = most important role. The data can be analysed by looking at the distribution of responses across the scale. It can be observed that the majority of the respondents rated LGSETA as the most important agency in facilitating skills development in local municipalities which also gives rise to the proper establishment of SCCs.

The analysis of literature in South Africa has shown various strategic areas LGSETA focuses on that are closely linked to the Municipal Performance Indicators, National Skills Development Plan (NSDP) 2030 including the Municipal Systems Act, 2000 (no.32 of 2000). While such a role of LGSETA is embedded in the legislative framework, promoting good governance, leadership and management capabilities occupies the central expectation of this agency in local government. The researchers probed the participants on their understanding of the role of LGSETA in enhancing capacity building at the local government level. Common responses that emerged from the interviews are presented in Matrix 1.

Matrix 1: role of LGSETA in capacity building in local government

Sub-question	Respondents' responses	Sources
What is your understanding of the role of LGSETA in relation to capacity building in local government?	<i>LGSETA mainly focuses on the capacity building of municipal employees to ensure that they are well-equipped and responsive to the needs of communities.</i>	Bushbuckridge municipality1
	<i>LGSETA is all about building capacity for local municipalities</i>	
	<i>To improve skills development. LGSETA for me, I think the chair is the Local Government Seta responsible for the operations or the daily operations, strategic issues and the like and it is established in line with the Skills Development Act of 1997.</i>	Ehlanzeni Municipality 1
	<i>And realigning our sectors to ensure that they contribute or they contribute immensely to our economic growth and also the operations of the local government sector chairperson. I think that is the main existence of the LGSETA.</i>	Ehlanzeni Municipality 2
	<i>Can assist in terms of consultation processes because LGSETA provides funds for training....</i>	Okhahlamba Municipality 1

Matrix 1 presents participants' responses regarding the role of LGSETA in relation to capacity building in local government. The responses indicate that participants understood the role of LGSETA as the chair of local government responsible for implementing capacity-building programmes. Further participants reflected on the role of LGSETA as one for promoting skills development in line with the Skills Development Act of 1997. Apart from the capacity-building role, participants revealed that LGSETA is designed to realign the functioning of local municipalities to ensure that they render economic development to local citizens in South African communities. The results indicated further that LGSETA also plays a consultative role in local municipalities as it provides funding to spearhead training initiatives in municipalities. It is crucial to note from the responses that LGSETA occupies a prominent position in the service delivery landscape hence

its implementation of the Shared Service Approach can help turn around the functioning of local municipalities.

6.5.2 Promote SSCs awareness among municipal practitioners.

To address some of the service delivery challenges in local municipalities, LGSETA assist by raising awareness among municipal practitioners on how to adequately implement development plans and skills development programs that help improve municipal competencies. Table 15, indicates that the majority of the respondents (34.4%) rated promoting SCCs awareness among municipal officials as the most important role LGSETA could play in the realization of SCCs, while 0,8% rated the role of LGSETA as the least important in raising awareness regarding implementation of SCCs.

The analysis of qualitative findings has shown that LGSETA supports local municipalities in implementing the shared services approach. In South Africa, the support LGSETA should render to local municipalities is critical as it helps in the upskilling and development of municipalities to able to implement the Shared services approach. Participants were probed to reveal their understanding of the nature of support municipalities require from LGSETA. One of the participants revealed that:

LGESTA as a strategic sector needs to foster stakeholder relationships by ensuring that municipal employees and other concerned citizens receive skills training which is critical in improving the implementation of SSA and service delivery at the local government level (MP 1).

While promoting the upskilling of municipal employees is the main role of LGSETA, one of the participants claims that:

Municipalities are also positioned to identify the need areas in which interventions are required in terms of skills so that LGSETA cab provide meaningful programmers to address specific deficit areas. (Ehlanzeni Municipality)

Although common responses regarding the support LGSETA renders to local municipalities, one of the participants appears to have a distinct view when she says:

Although LGSETA seeks to help stakeholders in upskilling employees at the local government level, evidence on the ground indicates that this is not working due to many service delivery challenges being experienced (Ulundi Municipality).

Commenting on the given responses, the support LGSETA renders to local government is crucial as it helps local municipalities fulfil the need gap by getting training programmers. Further, LGSETA is also mandated to ensure the monitoring and evaluation of the performance of SSCs

training initiatives. This role is critical as it helps assesses whether SSCs are making progress in rendering services or not. From the study results, little has been shared by the participants with regard to the role of LGSETA in monitoring and evaluation. It appears from the analysis that many participants perceive the role of the LGSETA as a development one that is coordinating capacity building within the SCCs. In this case, reinforcing the role of monitoring and evaluation in local municipalities is fundamental given the various service delivery challenges local municipalities face. The summary of participants' responses on LGSETA's support to municipalities in implementing the shared services approach is presented in Matrix 2.

Matrix 2: Summary of responses regarding LGSETA's support to municipalities in implementing the shared services approach

Sub-question	Respondents' responses	Sources
In terms of your understanding, how should the LGSETA support the municipality to implement the shared services approach?	<i>LGSETA as a strategic sector needs to foster stakeholder relationships by ensuring that municipal employees and other concerned citizens receive skills training which is critical in improving the implementation of SSA and service delivery at the local government level</i>	Enhlanzeni Municipality
	<i>Municipalities are also positioned to identify the need areas in which interventions are required in terms of skills so that LGSETA can provide meaningful programmes to address specific deficit areas.</i>	
	<i>Although LGSETA seeks to help stakeholders in upskilling employees at the local government level, evidence on the ground indicates that this is not working due to many service delivery challenges being experienced</i>	Ulundi Municipality 1

6.5.3 Monitoring and evaluating the performance of SSCS training initiatives

The LGSETA in South Africa is expected to play an oversight role in the form of monitoring and evaluation of skills development programs. This is crucial to ensure the training offered to municipal employees is relevant and helps in transforming how services are rendered. Data from Table 15 indicates that 42% of the respondents rated the role of LGSETA as most important in

monitoring and evaluating the performance of local government officials towards the realisation of SCC. Respondents show that 2% of the respondents rated the role of LGSETA as least important in monitoring and evaluation performance. This is perhaps because LGSETA is not directly involved in monitoring and evaluating the performance of municipal officials in a SCC although it may be expected to do so. Further, the findings reflect that respondents adequately understood and appreciate the role LGSETA plays in capacitating and supporting local municipalities to enhance the delivery of services.

The same observations were made by study participants regarding LGSETA as a common view perceives monitoring and evaluation of SCC training initiatives as central to improved service provision. By undertaking the monitoring and evaluation role, LGSETA stands to capacitate local municipalities to ensure that, their plans are aligned with the expectations of SCCs.

6.5.4 Provide funding for SSCs workshops

Local municipalities in South Africa rely on the support of LGSETA in facilitating skills development programmes. In the case of smaller municipalities, the equitable share from the national government is not enough to spearhead development programs hence initiating skills development from a weak revenue base is somehow difficult for such municipalities. LGSETA acts as the custodian of skills development programmes by allocating funding to underperforming municipalities to train employees on certain skills that are deemed necessary to accelerate the delivery of services. From Table 15, it is indicated that 41% of the respondents rated the role of LGSETA as most important in providing funding for SCC workshops while 0.9% of the respondents rated the role of LGSETA as least important. It can be noted from this analysis that, LGSETA remains the most important stakeholder in ensuring that skills development and training workshops are initiated in the local government in South Africa.

These findings are supported by qualitative findings as study participants boldly assert LGSETA as the custodian of financial injection in skills training programmes at local government. Speaking on the role of LGSETA one of the participants states;

LGSETA supports local municipalities with funding for training municipal officials (OLM 1).

Another participant added:

It is the role of LGSETA to ensure that funding is given for developing the skills of local government officials in regular training (DKDM 1).

The above assertions confirm the well-known roles LGSETA play in supporting local municipalities concerning skills training and development. Most importantly LGSETA is expected to play an oversight role to ensure that funds allocated towards skills development are used

properly and employees as well are benefitting from such training which is critical for improving the delivery of services.

This discussion sought to understand the role of LGSETA in relation to capacity building in local government and how the LGSETA supports local municipalities in implementing the shared services approach. The analysis of both quantitative and qualitative findings has shown the pivotal role LGSETA plays in ensuring that skills needed for local municipalities are met by initiating regular training that can help implement the shared services approach while improving municipal capacity in terms of general services delivery. This view is supported by a study conducted by Bogopa (2016) which revealed that training initiatives must be implemented in local government every financial year to enhance organization competence. In a similar study, Govender (2018:772) holds that LGSETA's role in skills development is a crucial element required for municipal employees to enhance their tasks to the level that the job demands. Although LGSETA may provide training initiatives there is a need for local municipalities in South Africa to align their workplace skills planning with the Shared services approach which is critical for obtaining quality training that may help solve service delivery challenges. On that note, municipal Integrated Development Plans (IDPs) need to speak to the need for skills enhancement which is also the target for LGSETA when supporting municipalities in South Africa. This view corroborates Govender (2017) who affirms that LGSETA interventions at the local government are crucial and municipalities must have a clear workplace skills plan which is informed by the IDP. In that sense, capable municipal officials with the relevant skills must play a pivotal role in driving the Shared services approach which is crucial for improving community service delivery.

Although skills deficit is regarded as a challenge in many local municipalities, caution must be exercised by LGSETA to ensure that training provided is needed to advance the implementation of the shared services approach. In other words, a needs analysis must be done to ensure that the skills rendered by LGSETA align with the needs of a particular municipality. Bogopa (2016) warns of the need to carefully manage information related to skills development as proper training must be provided by LGSETA to avoid poor service delivery due to misaligned programs. In other words, the training support LGSETA might offer to municipalities must be based on a needs analysis hence the specific set of municipal employees may require capacity building to enhance their competencies.

While it is commonly understood that LGSETA supports local municipalities in terms of capacity building, other studies tend to refute this claim drawing their argument from the various service delivery challenges being experienced in local municipalities in South Africa. Nevertheless, the study of Madzivhandila and Asha (2012:373) supports the support LGSETA provided to local municipalities as critical to achieve a developmental local government. The scholar's argument

stems from the fact that developmental local government can be used to reduce poverty at a local scale through the provision of adequate and quality basic services such as water, housing and sanitation to the impoverished communities. Further implementing the Shared services approach in local government can also help to achieve developmental local government as the setup may allow communities to improve their trust and working relations with local service providers. This is also fundamental as it aligns with the provision of the White Paper on Local Government (1998) which assumes that developmental local government informs a local government committed to working with citizen groups within the community to find sustainable ways of meeting their social, economic and material needs and improving the quality of their lives. Drawing from these arguments, LGSETA is well-positioned to offer much-needed support to local municipalities in terms of skills development and other needs. Realigning the functioning of local municipalities in response to the demands of citizens is another promote role LGSETA plays in South Africa. To ensure this s a success, LGSETA needs to foster closer collaborations with stakeholders to ensure the Shared services approach is implemented in a manner that will revamp the capacity of local municipalities in terms of service delivery.

SECTION 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

From the above sections, it is apparent that among many other objectives, the main motive of SSCs is to improve service delivery of all municipalities, and to ensure cost reduction through the increased use of shared services. Such cost reduction is realised in the context of several challenges which the managers and political leadership should overcome. The notion of shared services in local government, despite it being in operation for decades in several developed countries, is a relatively new phenomenon in the African and South African context.

While there has been a legislative and policy framework that have been set in place to set up shared services centres at the local government sphere for more than two decades, the creation of successful and well operating shared services centres and operations have not been implemented. There has to be strong political and management will, and additionally firm and decisive action to ensure that SSCs are up and running and responding to the service delivery challenges at the local level. There are many lessons, both positive and negative, that can be learned from both the examples in developed and some developing countries. These need to be contextualized taking cognizance of both local needs and circumstance.

The distinctive role of district municipalities as described in the relevant policies and acts cited in this document, as well as the very recent policy framework for District Development Models need to be used as a basis for promoting the idea of shared services, and in particular shared services centers (SSCs). The strategic positioning of this strategic approach should become part and parcel of municipal planning, and in particular the IDPSs of district and local municipalities. These plans should provide for increased integration of planning and shared services.

7.2 Policy recommendations

7.2.1 Policy recommendations emerging from the conceptualization of shared services centres findings

- The concept of SSC services does not have a universally accepted definition. There should be a clear description of services that can be shared and those that should be shared. There constitution gives broad outline of such services. Detailed guidelines could be useful in helping municipalities that enter into shared services agreements.

- There is a lack of agreement among scholars and practitioners about what constitutes SSCs. Also, it not clear which services could be shared, and which ones should not be shared. There should be a clear description of services that can be shared and those that should be shared. There constitution gives broad outline of such services. Detailed guidelines could be useful in helping municipalities that enter into shared services agreements. There should be clear guidelines in the creation and running of SSCs. Policies should be formulated to encourage the municipalities to participate without taking away their autonomy.
- The manner and pace at which shared services are created and implemented impacts on their chances of success. Big-bang approaches often results in poor success rates. Also, the success rate depends on the discretion given to municipalities to participate in a SSCs. The success rate is higher where municipalities are mandated to participate. SSCs should consider and encourage the key success factors such as local initiative, ownership, cooperative climate, and geographical proximity communication management and the retention of local identity. The implementation of SSCs should come after a careful consideration of local factors and a comprehensive change management process. Transfers should consider the employees' views and needs.
- Literature outlines key success factors for the creation and running of shared services centres that include the local initiative, ownership, cooperative climate, and geographical proximity. One key challenge to the creation of SSCs service centre is the lack of buy-in and fear of losing employment, transfer, and loss of power to an external body by municipal employers. The implementation of SSCs should come after a careful consideration of local factors and a comprehensive change management process. Transfers should consider the employees' views and needs.

7.2.2 Policy recommendations emerging from the feasibility of shared services findings

- This study set out to determine the feasibility of shared service centres in South African local government. Findings from this study suggest that while there is a belief that SSCs could benefit South African local government, there is some scepticism about the feasibility of implementation and a strong preference for allowing municipalities to choose their participation and for a gradual implementation approach. A key point to note that emerged from this study is that a relatively high proportion of the respondents were unsure about the feasibility of implementing SSCs in South African local government. Various efforts, have been made to address the challenge of limited trust in the SSCs approach. These encompass but not limited to, consultative stakeholder meetings, staff training and education and awareness campaigns that were implemented to improve understanding of the benefits and feasibility of SSCs. However, despite these notable efforts at both

national and local government level, studies have shown that a significant population of municipalities and their officials in South Africa are reluctant to adopt and implement SSCs. Various reasons have been cited- imbalance in municipal resources, resistance and lack of understanding of the concept. However, by addressing stakeholder concerns and engaging in dialogue with stakeholders, local government officials can work towards the successful implementation of SSCs in South Africa. The feasibility of shared service centres in South African local government requires careful planning, political will, capacity building, and transparent oversight mechanisms. Various successful examples can be cited-the UK government successfully implemented SSCs in the early 2000s, resulting in significant cost savings and improved efficiency in service delivery. The Canadian government has also implemented SSCs, which have resulted in improved service delivery and increased collaboration between departments. The Australian government has established a Shared Services Centre of Excellence to support the implementation of SSCs across the public sector. Implementing SSCs in South African local government has the potential to improve service delivery, increase efficiency, and reduce costs. This would have a positive impact on citizens, who would benefit from better quality services and more streamlined government operations. Acting to implement SSCs is crucial to improving local government service delivery and ensuring efficient use of public resources. It is important to address any resistance or barriers to implementation and promote the benefits of SSCs to ensure their successful adoption in South African local government.

- Findings from this study revealed that significant number (24%) of the municipal officials are not familiar with the shared service centres approach. This study has shown that education and awareness campaigns should be implemented to improve understanding of the benefits and feasibility of SSCs. This could help to address the relatively high proportion of municipal officials who were unsure about the feasibility of implementing SSCs. To date, various efforts education and awareness programs have been conducted by LGSETA, such staff training and staff capacity building workshops. Despite these awareness campaigns and educational programs in local municipalities in South Africa, knowledge and skills required to establish shared service centres in various municipalities are missing. What is of great concern is that many municipal officials in South Africa may not fully understand the potential benefits of implementing SSCs in local government. This lack of understanding may be hindering the adoption of SSCs, which could ultimately improve the efficiency and effectiveness of local government services. Nevertheless, by implementing targeted educational programs and awareness campaigns that are geared

towards bringing knowledge to the municipal officials, the municipalities in partnership with LGSETA can increase awareness of SSCs among municipal practitioners in South Africa.

- The data from this study show that there is room for improvement in promoting awareness of SSCs among municipal practitioners. LGSETA should prioritize awareness-raising efforts, such as workshops or training programs, to ensure that more practitioners are aware of the benefits of SSCs and how to implement them effectively. International examples of successful SSCs in other countries could be used to highlight the benefits of this approach. For example, in the United Kingdom, the Shared Services Connected Limited (SSCL) provides shared services to a number of government departments, resulting in cost savings and improved efficiency. When communicating this policy recommendation to municipal officials, it is important to use clear and concise language that is easily understood. Technical jargon should be avoided, and examples should be tailored to the South African context. By implementing SSCs, local government services can be streamlined, resulting in faster response times and improved service delivery for citizens. Additionally, cost savings can be achieved through economies of scale and the elimination of redundant services. It is important for municipal officials to act and begin exploring the feasibility of implementing SSCs in their local governments. By doing so, they can improve service delivery to their constituents while also realizing cost savings. Failure to explore this approach could result in missed opportunities for improvement and increased costs in the long term. The South African government should develop an educational campaign aimed at municipal officials to increase awareness and understanding of the benefits and feasibility of implementing SSCs in local government. The campaign should use international examples of successful SSCs, but also be tailored to the South African context. The campaign could include webinars, training sessions, and other educational resources to help municipal officials understand the benefits of this approach. Additionally, the government could provide funding or other incentives to encourage municipalities to explore this approach further. By taking these steps, the government can help to improve the efficiency and effectiveness of local government services in South Africa.
- Additionally, findings that emerged from this study revealed that, to enhance the prospects of SSCs in local government in South Africa, there is an urgent need to improve change management. The study identified that the local government needs to prioritize change management and ensure that staff are adequately trained and prepared for the changes that come with shared services. One of the observations made in this study is that many stakeholders are afraid of the change that SSCs would bring. Many municipal workers are afraid of losing their jobs, and there is also a fear of losing autonomy and control. Available

approaches to address these concerns include effective communication and engagement with staff, as well as clear policies on staff retention and autonomy. However, despite these efforts, studies have shown that many municipalities are failing to be successful in their attempts to share services because of their failure to manage change and its impacts on the stakeholders. The issue is that shared service centres have the potential to deliver significant benefits in terms of cost savings, improved efficiency, and better service delivery. However, the implementation of shared service centres can also be challenging and may require significant changes in the way that organisations operate. International examples of successful implementation of shared service centres can provide valuable insights for South Africa. For instance, the United Kingdom's National Health Service (NHS) implemented a shared service center model that resulted in significant cost savings and improved efficiency. Similarly, the Malaysian government implemented a shared services and outsourcing program that resulted in cost savings of up to 30%. It is essential to remember that the audience for this policy recommendation may have different levels of understanding of shared service centers and change management. Therefore, the recommendation should be presented in a clear and concise manner that is accessible to a broad audience. The implementation of effective change management strategies can have a significant impact on the success of shared service centers in South Africa. By addressing issues such as resistance to change, communication, and training, municipalities can ensure that the implementation of shared service centers is smooth and successful. This, in turn, can lead to cost savings, improved efficiency, and better service delivery, which can have a positive impact on the economy and society as a whole. Given the potential benefits of shared service centres, it is crucial that policymakers and business leaders act to enhance their feasibility in South Africa. The implementation of effective change management strategies is a critical step in this process and can help organizations overcome the challenges associated with shared service centre implementation. Failure to act could result in missed opportunities for cost savings, efficiency gains, and better service delivery, which could have a negative impact on the economy and society.

7.2.3 Policy recommendations and strategies emerging from international best practices

- All three countries surveyed internationally have a legislative and policy framework in place at the national and in some cases at the provincial/municipal level to facilitate SSA. A well-defined legislative and policy framework, from national to the local government sphere should be in place to support SSCs at the local level. Additionally, the legislation that have a bearing on municipal governance and shared services have to be complied with, if mandatory or explored if optional. The legislative and policy framework for the SSA and SSCs have to be reviewed to determine whether it is adequate or there are gaps. The

national COGTA in collaboration with provincial COGTAs should be driving the process with active support from the LGSETA and SALGA.

- The shared services approach is likely to promote and strengthen intergovernmental relations at all spheres of government in a country. There should be structures/instruments for formal and informal intergovernmental relations in place in each province and municipality which should support the SSA and SSCs at the local sphere of government. The IGR structures and institutional should be reconsidered to determine whether it is adequate and are supporting the process. National COGTA working closely with the Presidency, provincial premier's Department, provincial COGTAs and provincial SALGAs should ensure that the requisite IGR structures are in place to support the SSA and SSCs to ensure that they are successful.
- The opportunity for collaboration does exist, and services can be shared with the public, private and NGO sector in a particular jurisdiction. There has to be the relevant and appropriate engagement and follow up with all relevant parties be they public, private or community based organisations in a municipal area to explore the possibility of setting up a SSA. A policy framework and the required guidelines need to be developed in consultation with the prospective partners to start the process. Provincial COGTA working in collaboration with the district and local municipalities need to explore this option and thereafter develop the requisite framework and guidelines for partnerships with other public institutions, private and the NGO sector.
- There is a need for good governance and firm arrangements for the management of SSCs as this develops the requisite trust and operative working arrangements to ensure that it operates successfully and is sustainable over the long term. There should be clearly defined governance arrangements in place nationally, provincially, district wide and locally to meet the SLA in place and the requisite performance targets as agreed up by the collaborative partners of the SSCs. COGTA provincially as well as the district and local municipalities should play an oversight role and ensure that the governance and management arrangements are in place to monitor and evaluate the SSC to ensure that it is discharging its mandate as per the agreement signed by the collaborative partners.
- IT system should be compatible and in line with HR policies and practices. Additionally, infrastructure has to keep pace with the requisite technology to support the various services to be provided in terms of shared services. IT infrastructure and related technology in the SSC has to be in line with the HR policies and practices in place at the respective collaborative partners place of business, and more importantly they have to be synchronised. The district and local municipalities as well as the other collaborative partners have to ensure that the IT infrastructure and related technology in the SSC is

aligned with the HR policies, practices and technology at the offices of the collaborative partners.

- There has to be some firm consensus and a directive from the policymakers as to which services should be categorised as being shared services and which not, whether it is optional or mandatory and whether the approach adopted should be Incremental or “big bang”. A policy directive needs to be provided by the national, provincial and local government on the services that can be shared, whether it should be optional or mandatory. This should provide some direction to municipalities on their course of action relative to shared service. COGTA (national) and COGTA (provincial) and possibly LGSETA and SALGA should provide a policy directive on what municipal services should be considered as part of the SSA and SSC and whether they are optional or mandatory.
- Organisational and party politics could be an impediment to successful shared services at the local level. Alternatively, political party support could ensure success of the SSA process. It is preferable to avoid organisational and party politics when SSCs are created, if possible. Alternatively, another partner could be secured to be part of the process if the political environment is does prove to be a bit challenging. Provincial COGTA, SALGA and the district/local municipalities as well as the other collaborative partners should have policy guidelines steering clear of party and organisational politics, thereby ensuring that the SSC is apolitical and more importantly reaching its desired objectives.
- Co-procurement seems to have generated the most savings internationally relative to shared services at the local level Co-procurement seems to be by far the most popular and successful strategy relative to shared services. Consequently, it should be an integral part and key to the shared services equation at the local sphere of government. The legislative and policy framework for co – procurement should be in place and enabling. Provincial COGTA, provincial Treasury and provincial SALGA, as Well as the district and local municipalities should ensure that the legislative and policy framework for procurement is quite clear and is being strictly adhered to at the SSCs.
- All municipalities and collaborative parties are not equal when entering a SSC, as they are at different stages and levels of development relative to service delivery. There should be an assessment of the current state of affairs of all the partners (municipalities, private companies, non-governmental organisations) involved with shared services relative to service delivery and the gaps has to be taken cognisance of and addressed. The collaborative partners involved in the e SSC should ensure that an assessment is done on the level of preparedness of each of the different partners, relative to service delivery prior to entering the partnership creating the SSC.

- There should be a management agreement that should serve as a guiding framework for managing the SSCs in the municipal jurisdictions in question. A management framework for service delivery should be developed that should also be aligned with a service level agreement, that provides more detailed information on how the contract should be managed; governance board; quality control; customer satisfaction surveys; management of the process and management of performance. Provincial COGTA as well as the district and local municipalities involved in the partnership and SSC have to ensure that a management framework is in place and is being adhered to ensure its success as well as the requisite public accountability.

7.2.4 Policy recommendations and strategies regarding the role of DDM in supporting SSCs

- It is suggested that the District Development Model (DDM) and specific mechanisms and strategies be used to facilitate the introduction of a Shared Services Approach (SSA) and implementing the District Development Model (DDM) and the development of Shared Services Centers (SSCs) especially within the identified districts that are clearly underperforming. The research should also focus on selected cases in every province, and the following key questions that are highlighted through this provisional literature and findings based on the desktop study (See Table 4). There are general issues and questions that are associated with the current assessment of poor performance at the municipal level, and can be investigated as potential shared services opportunities, and SSCs could be focusing on the following priorities.
- In implementing the process of integrated planning across government through formulation and implementation of a single “One Plan” Approach for the DDM. The DDM can use the framework for the “One District, One Plan and One Budget to facilitate the introduction of a policy for shared services and SSCs.
- DDM ensures capacity building for local authorities through strategically coordinating capacity building initiatives and programmes at the district level. The DDM can employ a strategic skills development policy framework that uses the notion of shared capacity and back-office skills and functions to be more cost effective and efficient in the district.
- Through the DDM municipalities are capacitated to perform the mandated functions and duties they have been assigned by the SA Constitution. The DDM can ensure an improved inter and intra-governmental policy framework that ensures coordination and monitoring of performance and alignment of the DM and the LM goals with the goals of the DDM. Integrating the SSA in all these deliberations and policy proposals to ensure that the DDM is impactful.

- The DDM is driven by broadly achieving the goals of the MTSF progress on the communities through the effective oversight of budgets and projects, that makes provision for overall accountability and transparency in the management of all affairs of the DMs and Cities (Metros). Using an improved policy framework (online dashboard) for monitoring and evaluating the progress of the MTSF goals as part of the DDM to ensure that this can be effectively performed in the district through all the municipalities, and that shared services centers and approaches are fully integrated in such a framework.

7.2.5 Policy recommendations and strategies regarding the efficacy of municipal planning within the context of Shared Services approach

- It is recommended that municipalities prioritise the aspect of Monitoring and Evaluation which is widely endorsed by the South African government towards improving service delivery. The National Ministry of Co-operative Governance and Traditional Affairs should ensure that municipalities have created the functional M&E structures that work towards tracking progress for service delivery implementation. The operationalisation of M&E in local government should include various stakeholders (citizens, pressure groups, civil society organisations, business and private sector) who will play oversight roles. The aspect of monitoring planning in local government should also serve as a performance measure for senior officials and municipal managers. This will promote regular evaluation of the progress made towards service delivery planning.
- The findings of the study have identified political interference as a stumbling block affecting municipal planning. Non-partisan citizens, civil society organisations, private and business sectors should play a meaningful role in guarding local government operations and ensure that political elements are divorced from permeating the management of municipal institutions.
- The literature and empirical findings for this study have indicated the lack of innovative solutions in planning and a challenge to many municipalities. To address this challenge, it is recommended that municipalities and the national department of Science and Innovation form partnerships that will encourage innovative solutions towards enhancing municipal planning.

7.2.6 Policy recommendations and strategies regarding the role of LGSETA in supporting the implementation of SSCs

- Findings from this study revealed that significant number (24%) of the municipal officials are not familiar with the shared service centres approach. This study has shown that education and awareness campaigns should be implemented to improve understanding of the benefits and feasibility of SSCs. This could help to

address the relatively high proportion of municipal officials who were unsure about the feasibility of implementing SSCs. To date, various education and awareness programs have been conducted by LGSETA, such as staff training and staff capacity building workshops. Despite these awareness campaigns and educational programs in local municipalities in South Africa, knowledge and skills required to establish shared service centres in various municipalities are missing. What is of great concern is that many municipal officials in South Africa may not fully understand the potential benefits of implementing SSCs in local government. This lack of understanding may be hindering the adoption of SSCs, which could ultimately improve the efficiency and effectiveness of local government services. Nevertheless, by implementing targeted educational programs and awareness campaigns that are geared towards bringing knowledge to the municipal officials, the municipalities in partnership with LGSETA can increase awareness of SSCs among municipal practitioners in South Africa.

- The data from this study show that there is room for improvement in promoting awareness of SSCs among municipal practitioners. LGSETA should prioritize awareness-raising efforts, such as workshops or training programs, to ensure that more practitioners are aware of the benefits of SSCs and how to implement them effectively. International examples of successful SSCs in other countries could be used to highlight the benefits of this approach. For example, in the United Kingdom, the Shared Services Connected Limited (SSCL) provides shared services to a number of government departments, resulting in cost savings and improved efficiency. When communicating this policy recommendation to municipal officials, it is important to use clear and concise language that is easily understood. Technical jargon should be avoided, and examples should be tailored to the South African context. By implementing SSCs, local government services can be streamlined, resulting in faster response times and improved service delivery for citizens. Additionally, cost savings can be achieved through economies of scale and the elimination of redundant services. It is important for municipal officials to act and begin exploring the feasibility of implementing SSCs in their local governments. By doing so, they can improve service delivery to their constituents while also realizing cost savings. Failure to explore this approach could result in missed opportunities for improvement and increased costs in the

long term. The South African government should develop an educational campaign aimed at municipal officials to increase awareness and understanding of the benefits and feasibility of implementing SSCs in local government. The campaign should use international examples of successful SSCs, but also be tailored to the South African context. The campaign could include webinars, training sessions, and other educational resources to help municipal officials understand the benefits of this approach. Additionally, the government could provide funding or other incentives to encourage municipalities to explore this approach further. By taking these steps, the government can help to improve the efficiency and effectiveness of local government services in South Africa.

- Additionally, findings that emerged from this study revealed that, to enhance the prospects of SSCs in local government in South Africa, there is an urgent need to improve change management. The study identified that the local government needs to prioritize change management and ensure that staff are adequately trained and prepared for the changes that come with shared services. One of the observations made in this study is that many stakeholders are afraid of the change that SSCs would bring. Many municipal workers are afraid of losing their jobs, and there is also a fear of losing autonomy and control. Available approaches to address these concerns include effective communication and engagement with staff, as well as clear policies on staff retention and autonomy. However, despite these efforts, studies have shown that many municipalities are failing to successful in their attempts to share services because of their failure to manage change and its impacts on the stakeholders. The issue is that shared service centres have the potential to deliver significant benefits in terms of cost savings, improved efficiency, and better service delivery. However, the implementation of shared service centres can also be challenging and may require significant changes in the way that organizations operate. International examples of successful implementation of shared service centres can provide valuable insights for South Africa. For instance, the United Kingdom's National Health Service (NHS) implemented a shared service center model that resulted in significant cost savings and improved efficiency. Similarly, the Malaysian government implemented a shared services and outsourcing program that resulted in cost savings of up to 30%. It is essential to remember that the audience for this policy recommendation may have different

levels of understanding of shared service centers and change management. Therefore, the recommendation should be presented in a clear and concise manner that is accessible to a broad audience. The implementation of effective change management strategies can have a significant impact on the success of shared service centers in South Africa. By addressing issues such as resistance to change, communication, and training, municipalities can ensure that the implementation of shared service centers is smooth and successful. This, in turn, can lead to cost savings, improved efficiency, and better service delivery, which can have a positive impact on the economy and society as a whole. Given the potential benefits of shared service centres, it is crucial that policymakers and business leaders act to enhance their feasibility in South Africa. The implementation of effective change management strategies is a critical step in this process and can help organizations overcome the challenges associated with shared service centre implementation. Failure to act could result in missed opportunities for cost savings, efficiency gains, and better service delivery, which could have a negative impact on the economy and society.

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