



Greater Hume Shire

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Draft Greater Hume Shire Council Efficiency and Service Review Guiding Document

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Council acknowledges that with the preparation of this document, similar documents have been referenced from the following councils:

- Wagga Wagga City Council, AlburyCity and Lake Macquarie City Council and the
- SmartGov – Service Review Manual “Reviewing and enhancing Local Government Services
- Australian Centre of Excellence for Local Government – Service Delivery Review “A how to manual for local government”.

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1 Introduction

1.1 Background

Governments at all levels are seeking to become more effective and efficient and local government is under the same pressures to meet the growing expectations of their communities concerning the range and levels of service that are provided.

This includes determining if the services provided meet the needs and expectations of the community articulated in the Community Strategic Plan (CSP).

In NSW recent Treasury Corporation assessments of the long term sustainability and more recently the Fit for the Future sustainability assessments of local government authorities dictate that Council must demonstrate financial sustainability in the longer term.

Since Greater Hume Shire Council was formed in 2004, Council's short to medium term financial stability has been sound, however the TCorp assessment of Council's long term financial outlook was negative.

The cost of providing services has been increasing faster than income from rates and other Council 'own source revenue'. In addition untied funding from the Australian Government has been reducing in real terms with future funding being competitive based and predominately for infrastructure renewal and/or upgrade.

To address this issue Council must either increase revenue streams or reduce expenditure through service cuts or operating in a more effective and efficient environment. Council recognizes that the ability of the community to pay more through rates and/or user charges is limited and therefore a planned program of service and efficiency reviews is essential.

Service Reviews challenge the way we do business. The goal of a Service Review is achieve a long term sustainable service provision in the most efficient manner.

All services across the whole organization will be reviewed so that we can identify what our core business is, who our customers are as well as the purpose and priorities of services.

To undertake the Service Reviews a team of internal and external resources is proposed to ensure the prompt and efficient delivery of the Service Reviews. Internal staff will be engaged to provide internal knowledge, local expertise and ownership of the resulting recommendations, and will acquire skills for future Service Review. External resources may be engaged to provide project management, methodology and discipline, expert support in undertaking Service Reviews, benchmark information and a degree of independence in the review process.

1.2 What is a Service Review?

A Service Review is a strategic approach to understanding how Council provides its services. Commonly a Service Review takes a client or external stakeholder perspective as the driver of how a service is to be provided rather than an internal process and resources perspective. The goal of a Service Review is to achieve a long term sustainable service provision in the most efficient manner. Service Reviews challenge the way we do business.

2 Initiation

2.1 Review Governance

2.1.1 Role of Steering Committee

The Steering Committee is responsible for coordinating the Service Review process across the organisation by:

- prioritising and scheduling the reviews;
- establishing review teams for each area under review;
- providing guidance and support to the Service Review teams;
- checking Service Review reports; and
- monitoring and reporting on progress.

2.1.2 Composition of Steering Committee

The Steering Committee will consist of the General Manager and Directors (MANEX) along with the Executive Assistant – Governance and Economic Development and Community Health and Well Being Coordinator who will be the Project Officer. MANEX will provide overall direction and leadership for the Service Review process.

The Steering Committee will:

- Identify and approve cost centres to be reviewed
- approve schedules
- give strategic input and
- endorse recommendations and final reports.

2.1.3 Review Teams

Review Teams will be established for each individual Service Review to ensure that an appropriate level of knowledge and objectivity is available. The Project Officer will be the only consistent member of each Review Team. The Review Teams will run the review on a day-to-day basis and will engage with stakeholders, gather information, benchmark and analyse options and prepare recommendations. The teams also investigate ideas and issues as they arise.

Review teams may also include external resources. These external resources may consist of consultants and/or officers from other Councils. The level of input and expertise will be determined for each review process. The use of external resources will need to be approved by the Steering Committee before progressing.

As a guide the Review Team will include the following:

- Project Officer
- Department Head (General Manager/Director) of the function being reviewed
- One other staff member nominated by the Department Head of the function being reviewed
- One other staff member nominated by the Project Officer from another Department.

The Project Officer can requested additional assistance as required.

2.2 Key objectives of the project

2.2.1 Objectives

In undertaking service and efficiency reviews Council will adopt the "SMART" approach which is explained to illustrate how you address each area:

- **Specific** - are your objectives stated in a way that is precise about what you are hoping to achieve?
- **Measurable** - Can you quantify each objective, i.e. can you use a unit of measure such as market share in percentage or dollars or other to provide a way to check your level of success?
- **Achievable** - Are your objectives reasonable in terms of what you can actually achieve or are you setting your sights too high?
- **Realistic** - Do you have sufficient employees and resources to achieve the objectives you have set, if you don't then they are likely to be unrealistic?
- **Time Specific** - When are you hoping to achieve these objectives, you need to define a timing plan with target timing for each specific objective.

Greater Hume Shire Council has identified the following key objectives to be utilised while undertaking each review:

Objective 1- Raising awareness of Council's operations

Reinforcing with the Community, Councillors and Council staff the range and level of services provided by Council.

Objective 2 – Understanding the needs of the community

Gaining an understanding of the services and facilities required and valued by the community. Engage the community to determine agreed levels of service for Council services and facilities. Effective community engagement is essential to provide a robust basis for decision making and creates public value.

Objective 3 – Identify opportunities for efficiencies

Identifying efficiencies that are real and will provide long term sustainable benefits to Council.

Councillors and Council staff may need to step away from traditional thinking and explore new opportunities to increase revenue or decrease costs, including exploring strategic partnerships, shared services and alliances with other Councils that provide mutually beneficial operational efficiencies.

Objective 4 – Engender a focus of continuous improvement

Ensure that Council and Council staff continue to work together to continually question why, at what level and how Council provides its wide range of services.

Objective 5 – Set achievable and measureable targets

Based on Objective 2 set targets that are available and measurable to ensure credibility with the Community, Councillors and Council staff.

It will be important for the Steering Committee to set clear guidelines for Review Teams so that the following can be accomplished:

1. Where are we now?
2. Where do we want to be in ... years?
3. How are we going to get there?
4. How will we know we have arrived?

The initial shared goals of Councillors and staff are outlined in [ANNEXURE 1](#).

Objective 6 – Identify a clear set of recommendations

Identifying a clear set of recommendations on proposed changes following each Service reviewed. These recommendations will include as a minimum consideration of options for costs and efficient service delivery which may include process, resourcing and delivery changes.

2.2.2 Scope

Once the objectives of the review have been established, the Project Team will be able to identify the scope of the review. The scope will need to have a clear focus as what is to be reviewed and is outside the scope of a particular review. Issues may be identified that can form part of subsequent reviews.

2.3 Stakeholder engagement

Key stakeholders are defined as community, Councillors and Council staff and are the focus of the review. Other stakeholders include the Australian and NSW State Government, Government Agencies and other organisations that Council interacts with such as suppliers and service providers.

Stakeholders should be involved throughout the review to provide information, analyse data, make decisions and evaluate success.

The form of engagement will depend on the information required. The Project Team in consultation with the Steering Committee should detail if, when and how various stakeholders will participate during the review and what information will be shared with whom, how the information will be shared and at what point in the process.

2.4 Service Review Plan

There should now be sufficient information to develop a Service Review Plan. This plan will provide internal and external stakeholders with details about:

- Background of the review
- Objectives and scope of the review
- Team structure
- Resource requirements and resource allocation
- Timing, key milestones and length of review
- Details of stakeholder engagement.

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3 Data Gathering

3.1 Define existing services

Data gathering needs to be both systematic and thorough as it is the backbone of the whole review. Do not underestimate the time it will take to first develop a format to record service information and then to gather the data required from a range of sources if it is not readily available.

Sometimes sourcing the information takes a couple of iterations. Time spent getting this step right is a good investment in the rest of the process.

3.1.1 Complete a Service Statement template

If the service is not already documented in detail, a template will be needed to record:

- The service category and name
- Key department/division with the main responsibility for delivering the service
- Key person responsible for delivery
- Details of what the service does
- How the service links into the community strategic plan
- Whether it is an internal or external service
- Whether it is a legislated service and the relevant legislation.

Each service is then divided into subservices and the template is used to record:

- The outputs
- The service standard
- The community's / customers view of the quality and importance of the service (if known).

Then financial information for each subservice is collated for:

- Income/expenditure
- Net cost of service
- Staff involved
- Any key issues for the subservice.

It should be noted that some activities (e.g. cost of utilities) may be reviewed that do not directly impact on the community and therefore the review will be predominately internal.

3.2 Identify alternative service provision models

There are two options for achieving changes in service delivery:

- Change via internal improvement
- Change via different delivery models

These options should both be assessed to determine whether the service could be delivered in a different way. No decision needs to be made now but highlighting whether an alternative model could work, and therefore should be considered, is important.

3.2.1 Internal improvement

With an internal improvement approach, the focus should be on identifying opportunities to generate significant service improvements, savings or additional income such as:

- Increasing benefits to the community by using technology to improve reliability, responsiveness or accessibility
- Making better use of existing assets and facilities to increase the quality of the service
- Process improvements to improve timeliness and resource use.

3.2.2 Different delivery models

As part of data gathering, the Project Team should research different delivery models, often via collaborating with other organisations, groups of Council's or local commercial operators. This information will help understand how services could be delivered. There are a number of alternate models of service delivery such as:

- Shared services or resources typically with other Councils or Regional Organisations of Councils
- Strategic relationships, with other levels of government or non-profit organisations
- New ventures or enterprises to deliver an income stream
- Joint ventures or public/private partnerships with external enterprises
- Community run enterprises, including social enterprises such as charities
- Outsourcing through external contractors.

Due to the sensitivity around implementing alternate service delivery models, the Steering Committee and Project Team should take a lead role when exploring these options and make a register of potential models and possible partners. However, it is important that this process is transparent and Council staff are engaged during the review.

4 Analysis

4.1 Review of services

The first step for the Service Review Team is to systematically review the selected functional area in detail to identify possible services where changes may align with the objectives of the review.

When looking at internal processes and services, consider some of the questions posed in below:

Organisational structure

- What is the staff structure?
- How many locations are involved?
- Can the locations be combined?
- Can 'like' services be co-located?

Processes, procedures, work practices and tools

- Are there duplicate processes?
- Are there process gaps?
- Where and what are the opportunities for improvement?
- How can technology be used?

Community facilities

- Can resource use be optimised or reduced?
- Can assets or infrastructure be consolidated or used more efficiently?
- Can owned facilities be sold, leased, consolidated, regenerated or shared?

Staff productivity

- Can jobs be redesigned to increase the variety of tasks and improve job satisfaction?
- Would training increase productivity?
- Can incentives and rewards be provided?
- Can staff outputs be monitored with appropriate measures?

Regulations

- Can regulatory controls be reviewed?
- Will lobbying for legislative change improve efficiency/maximise productivity?

5 Developing recommendations

5.1 Developing draft recommendations

Based on the above analysis, the Service Review Team formulates draft recommendations regarding future provision and delivery of the service.

One of the following overarching recommendations should be made in relation to level of service:

- Exit from the service (if this option is taken an assessment should also be undertaken to determine whether the service needs to be provided and if so, how and by who)
- Provide a lower level of service
- Provide the same level of service
- Provide a higher level of service.

If the service is to be retained, recommendations should identify any significant changes required to ensure value for money for the customers, i.e. ensure the service delivers the desired outputs and outcomes in the most efficient manner possible.

Consideration may be given to the financial and resource impacts in transitioning from the current to the proposed service arrangement. This includes identifying where short-term expenditure increases are required to achieve longer-term benefits.

Estimates of projected savings should be determined for the key recommendations. The savings may be due to a reduction in expenditure and/or increase in revenue. Where the savings will be achieved over a number of years, the figures may be projected over the subsequent 3 years.

The savings only need to be approximate as they will be subject to further investigation during the implementation phase. As each item is further investigated and implemented the project savings are progressively updated to improve their accuracy. Where recommendations will increase productivity or output but there will be no change in expenditure or revenue, the details should also be recorded.

Any staff changes are best described in terms of full time equivalent positions (FTE).

Opportunities identified during the review process that were not able to be considered due to time constraints or other reasons may be recorded for future investigation.

5.2 Draft Recommendations Plan

The recommendations should identify:

- Process/policy/contractual changes
- Financial and resource impacts, especially where the service provider is changing
- Forecast savings
- Forecast increases or decreases in revenue
- Proposed staff changes in terms of full time equivalent positions
- Opportunities identified that were not considered due to time constraints or other reasons.

5.3 Stakeholder Review of draft Recommendations Plan

5.3.1 Internal stakeholders

Seek feedback from key internal stakeholders such as:

- **The Steering group** – the draft plan should be presented to this group, especially to get feedback for particular areas of focus, such as where services are to be reduced, spending cut or alternate models of service provision introduced.
- **Staff from the department/services under review** – Feedback may vary from team meetings or one on one meetings with staff depending on the issue and impact on individual staff.
- **All staff** – Depending on the issue all staff may be involved but at the very least all staff need to be kept abreast of the progress of the Service Review program.
- **Elected members** – Operational matters not requiring changes to the organisational structure will be determined by the steering group. However approval for the recommendations will be sought from Council where it requires changes to the organisational structure or where it is a sensitive area with high impacts for the community.

5.3.2 External stakeholders

Seek feedback from key external stakeholders such as:

- **The community** – communicate the key findings of the review and the draft plan and ensure the rationale for any changes is clearly explained.
- **Current service providers** – any proposals to alter the contract terms should be discussed with service providers to establish they are able to make changes.

5.4 Finalising recommendations

Input from stakeholders should be analysed and the plan adjusted accordingly. An important part of this process is to feedback whether and how comments and suggestions were incorporated into the final plan. **This is particularly important with the community stakeholders.**

6 Implementing Change

6.1 Developing an Implementation Plan

For each recommendation, the Implementation Plan should identify:

1. **What actions or changes are required e.g. to policy, process and resources**
2. **Who is responsible, for example, individual managers, cross departmental teams**
3. **Costings for the change**
4. **Expected outcomes**
5. **Impact on annual budgets/financial plan**
6. **Impact on fees and charges**
7. **How the changes in terms of process and outcomes will be evaluated.**

Any changes to staff positions **must** be managed in accordance with the Local Government (State) Award and Council's Employee Assistance Program.

6.2 Make change

It is important to take a structured approach to transitioning stakeholders and their organisation from the current state of play to a new situation.

The General Manager will be responsible for developing a successful change management program, particularly where job redesign or redundancy is to be implemented.

Implementation activities will be prioritised for delivery based upon the needs of the council and the resources (staffing and financial) available for the task.

6.3 Document Changes

Any changes to services or the manner in which they are delivered need to be documented to build organisational knowledge. Documents that may need amending include:-

- Operations manuals
- Service provider agreements
- Service standards

7 Evaluating and reporting

7.1 Evaluate the change

An evaluation framework has been developed to monitor the process and outcomes of each stage in the review and make adjustments if necessary.

The outcomes achieved will be assessed to evaluate:

- How effective the change has been at delivery the expected benefits
- How effective the process of change has been
- How well the objectives of the review have been met.
- How key stakeholders viewed the change process and the changes implemented.

7.2 Plan next review

A continuous improvements process will be implemented to ensure reviews of functional areas are completed on a 5 yearly rotating cycle unless changing circumstances require a review within a shorter timeframe.

ANNEXURE 1

Agreed issues

- Every function will be subject of review
- Essential to achieve long term sustainability
- Need to retain sufficient cash reserves to provide flexibility to take advantage of opportunities (e.g. grant funding rounds) or respond to unexpected events (e.g. natural disasters)
- Continually identify opportunities for growth
- Need to reduce real expenditure per capita
- Ongoing consultation with the community, councillors and council staff is essential to ensure the right mix and level of services are provided.
- The maximum ratepegging amount should be taken up to ensure services are maintained at agreed levels.
- The Community has limited capacity to fund increases in rate and annual charges and fees and charges above CPI.
- Council should only be budgeting for small surpluses to ensure the cost burden on the community is minimised.
- Council will continue to actively pursue external funding regardless of the impact on the 'own source revenue' ratio.
- Some operating costs are outside the direct control of Council.
- Councillors and senior management need to work closely together to deliver a shared vision.

Agreed targets

- Achieve savings of \$100,000 per annum, cumulative over the 5 year period to 2019/2020. This will generate savings of \$500,000 over that period.
- General Fund operating at break-even point by the end of the 2019/2020 financial year.
- Water and Sewerage Funds operating at break-even point by the end of the 2019/2020 financial year.
- Building and Asset Renewal Ratio maintained at greater than 100% on a rolling three year average.
- Debt service ratio maintained at less 10%.
- An increase in the number of resource sharing/shared service agreements in place by 2019/2020.
- Six monthly Reports presented to Council

ANNEXURE 2

Review Schedule

Year	Functional
2015/2016	Governance, Administration and Engineering including staff vehicles (excluding Procurement and Fleet Management - Plant and Equipment)
2016/2017	Procurement Fleet Management – Plant and Equipment (excluding staff vehicles) Water Supply Services Sewerage Supply Services
2017/2018	Transport and Communications with a focus on Roads and related infrastructure Recreation and Cultural Services with a focus on library services, sportsgrounds, parks and gardens and swimming pools.
2018/2019	Public Order and Safety (includes animal control and enforcement, Fire and Emergency Services) Health Administration Environment including Waste Management
2019/2020	Community Services and Education Housing and Community Amenities Mining, Manufacturing and Construction Economic Affairs

ANNEXURE 3

Tools and templates

A range of tools and templates will be developed to facilitate a consistent approach to functional and service reviews.

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