

“Living within its means” business improvement/efficiency program

Leichhardt Council is committed to a continuous business improvement/efficiency program which it has titled “Living within its means”. This program, now a permanent feature of Council’s current and future operations, is designed to improve the efficiency and effectiveness of the organisation - resulting in the achievement of budget savings while at the same time improving our service delivery to the community, including funding vital infrastructure renewal over the period of the Long Term Financial Plan (LTFP).

The program, as originally endorsed by Council on 26 November 2013, consists of three main areas:

- A series of strategic ‘value for money’ reviews of selected aspects of whole of-Council expenditure (“Strategic reviews”). This incorporates reviews of (but not limited to) procurement, debt management and rate arrears, corporate services, asset utilisation (e.g. fleet), grants administration and purchased services.
- These reviews which vary in length from a few days to several months will be supplemented by the identification of a range of “quick win” efficiency opportunities available to Council in the 2014-15 Budget including additional revenue generation opportunities.
- A program of line-by-line expenditure audits of business units and services (“Business reviews”). These reviews, commenced in the 2014-15 financial year, determine whether Council’s outputs are produced efficiently, and provide a greater level of assurance that budget measures and service delivery goals are being achieved within a business unit or service area. This work involves extensive benchmarking of internal operations to ensure that they provide value for money, particularly in areas of the business where there is an established and competitive market (e.g. waste services)

This program reports direct to Council’s Senior Management Team (SMT). Under this governance model, the SMT drives accountability for service delivery improvement and the efficient use of resources. The program is undertaken in a coordinated and structured way to enable the Council to identify and prioritise areas for improvements and savings using well established industry methodologies and toolkits, including the Australian Business Excellence Framework and Lean Six Sigma. This ensures a comprehensive and disciplined approach to identifying what we do, why and how we can do it better.

Program achievements to date follows:

a. Efficiency program: 2014/15 (Endorsed by Council in June 2014)

The “Living within its means” program delivered immediate results with the identification of around \$1.2 million in efficiency savings/additional revenue in the 2014/15 Budget.

The efficiency savings/revenue measures adopted in the 2014/15 Budget were applied to balance the budget and then surplus funds/additional revenue was directed to asset maintenance and renewal – that is, roads (\$1.02m) and bridges (\$37k).

It is noted that over \$1 million of the efficiency opportunities identified in the 2014/15 Budget continue to 2015/16 and beyond – these have already been captured in the Long Term Financial Plan.

The opportunities identified and achieved in the 2014/15 Budget include:

Initiatives	2014/15 Budget result (saving)
SES funding – SES to meet plant costs and operational costs	\$55K
Fleet - reduce no. of trucks	\$15K
Staff collect mail	\$11K
Reduce advertising costs for recruitment	\$30k
Apply business rates in Rozelle Bay area	\$100K
Procurement efficiency dividend	\$200K
Reduction in community newsletters (6 to 4)	\$23K

Reduction in the frequency of street sweeping	\$450K
Rates arrears and debt management	\$250K
Recoupment of merchant fees – LPAC and Parking Meters	\$85K
Discontinuation of the trial of extended trading hours at the Leichhardt Park Aquatic Centre (LPAC)	\$11K
TOTAL	Approx. \$1.2m

b. Efficiency program: 2015/16 (Subject to approval by Council in June 2015)

For the 2015/16 Budget, Council undertook a further round of the efficiency program. The savings/revenue opportunities identified for inclusion in the 2015-16 Budget total approx. \$950k. These opportunities are detailed in the table below.

Much like 2014/15 Budget, these opportunities have been applied to asset maintenance and renewals (Buildings, Drains, Parks). The opportunities identified in the 2015/16 Budget include:

Initiatives	2015/16 Budget result (saving)
E-booking system (increased revenue)	\$50K
Promotion of Town Hall facilities	\$10K
Customer service centre to close at 5pm	\$15K
Procurement Roadmap – further opportunities	\$40k
Plumbing and electrical contract	\$25K
Mail out review (greater use of electronic measures)	\$5K
Lease of council foreshore facilities e.g. Elkington Park, Elliott Street, Pump House (revenue)	\$100K
Leasing Reform	\$5K
eRates	\$2.5K
ICT Savings (VoIP, software licences) and efficiency dividend	\$75K

Review Council subscriptions, memberships	\$2.5K
GIPA fees	\$12K
Black and white printing	\$7k
Review fee waiver provisions	\$25K
Catering licences for NYE and special events (revenue)	\$10K
Overtime review	\$25K
Legal services: reduced expenditure on external firms	\$100K
Internal audit savings (SSROC)	\$30K
Reduced advertising (IWC and Ciao)	\$11K
Agency staff review	\$50K
Trade waste (revenue)	\$30K
Improved water management	\$13.4K
Children's services increased play sessions	\$10K
Convert Balmain/Rozelle OCC to Long Day Care	\$75K

Increased hire of Annandale rear hall (relocate OCC)	\$5K
Introduce a fee for parking permits (Business only)	\$100K
Electronic purchasing	\$6.5K
Cancel tea towel service	\$3K
Library fines review	\$20K
Review and consolidate cash collection services	\$10K
Review and consolidate property cleaning	\$5K
Offsite storage to on-site	\$24k
Merchant fees	\$14K
Haulage fees	\$14k
Consultants	\$27K
TOTAL	\$957K