

Progress of the Cost Efficiency and Service Reviews Program

ATTACHMENT 1

CITY'S FLEET UTILISATION AND OPERATING COSTS	
Review Scope	Progress
<p>To review the utilisation and operating costs of light vehicles (including utility vehicles and those with commute and/or private use).</p> <p>The aims of this review is to identify opportunities for:</p> <ul style="list-style-type: none"> • Service and activity improvements • Assisting longer-term financial sustainability • Ensuring value for money and operational efficiency • Service level adjustments • Considering alternative modes of service delivery • Improved utilisation of available resources 	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) by William Buck has been completed.</p> <p>A draft report was received on 17 September 2014 and includes:</p> <p>Summary of Findings</p> <p><i>There are two key drivers for Fleet. The primary driver is to facilitate the provision of services to the City in a way that optimises the performance of fleet, resulting in the lowest 'whole of life' cost and the secondary driver is to ensure the City is competitive with regards to recruitment and retention of staff.</i></p> <p><i>We have identified a number of areas where we believe the approach to providing fleet could be tightened in order to ensure that whole of life cost is driven down as low as possible and areas where management information could be improved and analysed, with the possibility of further reducing cost through a greater understanding of vehicle usage.</i></p> <p>Detailed Observations and Recommendations</p> <ul style="list-style-type: none"> • <i>Vehicle Usage</i> • <i>Strategy and Composition of Fleet</i> • <i>Purchasing of Fleet and related costs</i> • <i>Disposal of Fleet</i> • <i>User Schemes</i> <p>Management comments are being sought from the Director Infrastructure Services. Once received, the report will be finalised by the external consultant and reissued to the City. This report will be provided to the Audit Committee at its meeting in March 2015.</p>

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BUILDING MAINTENANCE, CLEANING AND UTILITY CONSUMPTION OF CITY BUILDINGS	
Review Scope	Progress
<p>To review costs to ensure value for money and operational efficiency, and current service levels (including comparison of costs per square metre with private and state government entities).</p> <p>To develop a strategy for maintenance and cleaning, and utilities (including the consideration of alternative sources).</p> <p>The aims of this review is to identify opportunities for:</p> <ul style="list-style-type: none"> • Service and activity improvements • Assisting longer-term financial sustainability • Ensuring value for money and operational efficiency • Service level adjustments • Considering alternative modes of service delivery • Improved utilisation of available resources 	<p>Fieldwork (collection of data and interviewing staff members) by William Buck is underway.</p>

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SELECTED CIVIC EVENTS AND CULTURAL EVENTS	
Review Scope	Progress
<p>To review costs to ensure value for money and operational efficiency.</p> <p>The aims of this review is to identify opportunities for:</p> <ul style="list-style-type: none"> • Service and activity improvements • Assisting longer-term financial sustainability • Ensuring value for money and operational efficiency • Service level adjustments • Considering alternative modes of service delivery • Improved utilisation of available resources 	<p>Fieldwork (collection of data and interviewing staff members) by William Buck is underway of the following events:</p> <p><u>Civic</u></p> <ul style="list-style-type: none"> • Citizenship Ceremonies • Civic Dinners • Civic Receptions • Elected Member Dinners <p><u>Cultural</u></p> <ul style="list-style-type: none"> • Community Art Exhibition • Community Art Gallery • Invitation Art Award • Joondalup Eisteddfod • Joondalup Festival • Little Feet Festival • Mural Arts Program • NAIDOC Event • Summer Concerts Program • Sunday Serenades • Sunset Markets • Valentines Concert

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TRAFFIC MANAGEMENT CONTROL	
Review Scope	Progress
To determine the effectiveness of the current work program (use of external contractors and internal resources) and delivery model.	Data collection has been completed. A number of inefficiencies and inconsistencies have been identified, which when treated should reduce expenditure and the reliance/use of contractors. An internal consultant (with extensive expertise in continuous and business improvement, quality management and the Business Excellence Framework) commenced on 6 October 2014 to interview staff members to detail observations and recommendations.
<p>2014-15 Actual – \$180,223</p> <ul style="list-style-type: none"> • \$81,795 (operational) • \$98,428 (capital works) 	

PLUMBING SERVICES TENDER	
Review Scope	Progress
To review costs to ensure value for money and operational efficiency.	The data collected from the building maintenance review will be used for this review.
To determine whether service level adjustments are required.	An internal consultant (with extensive expertise in continuous and business improvement, quality management and the Business Excellence Framework) commenced on 6 October 2014 to interview staff members to detail observations and recommendations.
To consider whether alternative modes of service delivery are necessary.	
2014-15 Actual – \$147,601	

ELECTRICAL SERVICES TENDER	
Review Scope	Progress
To review costs to ensure value for money and operational efficiency.	The data collected from the building maintenance review will be used for this review.
To determine whether service level adjustments are required.	An internal consultant (with extensive expertise in continuous and business improvement, quality management and the Business Excellence Framework) commenced on 6 October 2014 to interview staff members to detail observations and recommendations.
To consider whether alternative modes of service delivery are necessary.	
2014-15 Actual – \$154,799	

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CHRISTMAS DECORATIONS	
Review Scope	Progress
<p>To review costs to ensure value for money and operational efficiency.</p> <p>To consider whether alternative modes of service delivery are necessary.</p>	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed.</p> <p>Summary of Findings</p> <p>Over the past three years the City has spent a total of \$530,560 on Christmas decorations throughout the City Centre. This expenditure includes maintenance, storage, installation and leasing costs associated with the decorations.</p> <ul style="list-style-type: none"> • 2011-12 actual expenditure – \$135,814 • 2012-13 actual expenditure – \$229,197 • 2013-14 actual expenditure – \$165,550 • 2014-15 budget is \$160,000 <p>When a previous review was undertaken in 2012 it was noted that there was a limited number of suppliers who supply and install Christmas decorations. A comparison of the options provided in 2012 noted that leasing Christmas decorations was financially efficient and allowed the City more variety.</p> <p>A large portion of the costs for Christmas decorations is installation as electrical contractors are required to connect the necessary cabling. Testing the market to assess the current suppliers would provide further details regarding potential cost efficiencies.</p> <p>An internal consultant commenced on 6 October 2014 to determine whether any cost reductions can be realised.</p>

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CITY BUILDING RENTAL	
Review Scope	Progress
<p>To identify any potential efficiencies within the current service.</p> <p>To determine opportunities to reduce costs.</p> <p>To improve time management and the benefits to the City.</p>	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed</p> <p>Summary of Findings</p> <p>Building rental charges include both internal and external costs.</p> <p>Internal costs relate to the City's Administration Building, Leisure Centres and Libraries and are determined using two different methods to charge the respective business units for the space used.</p> <p>External costs relate to a range of buildings which are able to be hired on an hourly base for community groups and commercial purposes.</p> <p>By using the expenditure data in a better way the City could determine possible ways to increase the amount of bookings made each year.</p> <p>The City also leases property from third parties which include the Works Operation Centre, Joondalup Gallery and the Whitfords Customer Service Kiosk. By relocating the kiosk to the Whitfords Library the City has saved \$58,500 for the financial year.</p> <p>There is also the potential to review the location of the gallery due to the current lease ending at the end of the year, to possibly save further funds into the future.</p> <p>An internal consultant commenced on 6 October 2014 to determine process improvements and the associated implementation plan.</p>

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DOMESTIC AND RECYCLING COLLECTIONS	
Review Scope	Progress
<p>To identify any potential efficiencies within the current service.</p> <p>To determine opportunities to reduce costs.</p> <p>To improve time management and the benefits to the City.</p>	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed</p> <p>Summary of Findings</p> <p>The contract for both the domestic and recycling collections covers a range of different services. These services relate to the collection of the respective rubbish, repairs and maintenance of the mobile garbage bins and other services such as returning to locations to empty missed bins.</p> <p>These services provide a consistently high satisfaction from survey results and the operations are effective and efficient in the delivery of all the services.</p> <p>By improving the amount of information received from the contractor the City can more effectively monitor the contract.</p> <p>The option to extend the contract for a further two year period will allow the current fleet to be utilised across the life of the contract. As such the costs to purchase the fleet for the contract will be spread across the seven years instead of just five.</p> <p>An internal consultant commenced on 6 October 2014 to determine process improvements and the associated implementation plan.</p>

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STREET LIGHTING (DECORATIVE AND NON-WESTERN POWER ASSETS)	
Review Scope	Progress
<p>To identify any potential efficiencies within the current service.</p> <p>To determine opportunities to reduce costs.</p> <p>To improve time management and the benefits to the City.</p>	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed.</p> <p>Summary of Findings</p> <p>A change of operational reporting and the employment of a Coordinator Electrical Projects has realised an overall service improvement. This is due to having greater internal expertise and knowledge. The finalisation of a process map outlining the procedure for maintenance works will ensure the improvement will be maintained into the future.</p> <p>Maintenance inspections of underpasses and car parks need to be assessed to ensure they are reviewed annually instead of relying upon reactive maintenance works.</p> <p>Assessment of Harbour Rise Special Area Rating and Iluka Special Area Rating lighting will need to be carried out to determine when they should also be replaced.</p> <p>A new sports lighting control system will be piloted at Prince Regent Park which allows for users to login via SMS to switch the lights on and off. This system also allows City staff to control the lighting via a web link, therefore reducing the requirement to attend onsite.</p> <p>If this pilot is successful the system will also be installed as part of the Seacrest Park sports lighting upgrade scheduled for completion in May 2015. Work is also being undertaken to identify other sites that would benefit from this system.</p> <p>An internal consultant commenced on 6 October 2014 to determine process improvements and the associated implementation plan.</p>

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STREET TREE MAINTENANCE	
Review Scope	Progress
<p>To identify any potential efficiencies within the current service.</p> <p>To determine opportunities to reduce costs.</p>	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed.</p> <p>Summary of Findings</p> <p>Tree maintenance covers a wide variety of services which are mainly carried out through reactive maintenance requests. Pruning of trees near power lines is the exception to this rule as there are designated schedules for maintenance works which are solely carried out by an external contractor.</p> <p>Requests for tree maintenance are forwarded to external contractors when the height of the tree is above eight metres; which is mainly due to the lack of internal resources (equipment).</p> <p>By reviewing the processes for reactive maintenance the City would become more effective in this service by not relying upon requests to be submitted.</p> <p>A review of the fleet could allow internal resources greater scope to complete works instead of relying upon external contractors for requests with a tree height above eight metres.</p> <p>By strengthening the recording of requests from Western Power the City could effectively monitor the amount and timeliness of power line requests.</p> <p>Improvements have already been made to separate the cost of regular tree maintenance and power lines to accurately assess the real costs of the various tree services.</p> <p>An internal consultant commenced on 6 October 2014 to determine process improvements and the associated implementation plan.</p>
<p>2014-15 Actual – \$310,910</p> <ul style="list-style-type: none"> • \$83,384 (external contractors) • \$226,525 (employee costs) 	

Full List of Activities of the Cost Efficiency and Service Reviews Program

ATTACHMENT 2

Activity	Reviewer	Progress
1. Non-Domestic Rubbish Collections (Parks, Reserves, Foreshores, Bus-stops)	Internal <i>Executive and Risk Services</i>	Recommendation Action Plan progress to be examined by Internal Auditor (yet to be commenced).
2. Fleet Utilisation and Operating Costs	External (Phase 1) <i>William Buck</i>	Draft report received; management comments being sought from Director Infrastructure Services. <i>Refer attachment 1 for further details.</i>
3. Building Maintenance, Cleaning and Utility Consumption	External (Phase 1) <i>William Buck</i>	Fieldwork (collection of data and interviewing staff members) is underway. <i>Refer attachment 1 for further details.</i>
4. Selected Civic Events and Cultural Events	External (Phase 1) <i>William Buck</i>	Fieldwork (collection of data and interviewing staff members) is underway. <i>Refer attachment 1 for further details.</i>
5. Christmas Decorations	Internal <i>Executive and Risk Services</i>	Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed. <i>Refer attachment 1 for further details.</i>
	External <i>Excellent Management Systems</i>	Summary of findings to undergo peer review to determine whether any cost reductions can be realised.

Full List of Activities of the Cost Efficiency and Service Reviews Program

Activity	Reviewer	Progress
<p>6. City Building Rental (To determine cost per square metre for selected City Buildings)</p>	<p>Internal <i>Executive and Risk Services</i></p>	<p>Fieldwork (collection of data, reviewing documentation and interviewing staff members) has been completed. <i>Refer attachment 1 for further details.</i></p>
<p>7. Domestic and Recycling Collections</p>	<p>External <i>Excellent Management Systems</i></p>	<p>Summary of findings to undergo peer review to determine process improvements and the associated implementation plan.</p>
<p>8. Street Lighting (Decorative and Western Power)</p>		
<p>9. Street Tree Maintenance</p>		
<p>10. Traffic Management and Control</p>	<p>External <i>Excellent Management Systems</i></p>	<p>Data collection has been completed by Internal Auditor. A number of inefficiencies and inconsistencies have been identified, which when treated should reduce expenditure and the reliance/use of contactors.</p> <p>External consultant to interview staff members to detail observations and recommendations. <i>Refer attachment 1 for further details.</i></p>
<p>11. Plumbing Services Contract (Joondalup Plumbing)</p>	<p>External <i>Excellent Management Systems</i></p>	<p>External consultant to interview staff members to detail observations and recommendations. <i>Refer attachment 1 for further details.</i></p>
<p>12. Electrical Services Contract (Wanneroo Electrical)</p>		

Full List of Activities of the Cost Efficiency and Service Reviews Program

Activity	Reviewer	Progress
13. Advertising (General and Statutory) / Promotions 14. Landscape Maintenance; Mowing of Verges and/or Medians along Arterial Roads (east-west) 15. Street Sweeping 16. Overhead Costs for Internal Service Providers (Financial Services, Human Resources, Information Technology)	External (Phase 2) <i>yet to be determined</i>	Not yet commenced
17. Elected Member Requests (To determine process improvements)	Internal <i>Executive and Risk Services</i>	Not yet commenced
18. Security Patrol Services (To benchmark current service level against other service models)	Internal <i>Executive and Risk Services</i>	On hold due to tender review
19. Automation of internal approval processes 20. 2014/2015 Suppliers (Aspect Security, Insight Call Centre Services, Bunnings, IT Equipment) 21. 2014/2015 Suppliers with an Infrastructure Services focus (Devco, Geoff's Tree Services, Tapps Contracting, Triton Electrical, Wanneroo Caravans) 22. City Watch Hotspots 23. Communication Devices 24. Graffiti Removal Services 25. Overhead Costs for Internal Service Providers (Strategic and Organisational Development, Executive and Risk Services)	Yet to be determined	Not yet commenced

Full List of Activities of the Cost Efficiency and Service Reviews Program

Activity	Reviewer	Progress
26. Library Services costs per capita and membership	Yet to be determined	Not yet commenced
27. Parking Services (Review of current service level of use of hand-held technology compared to original service model)		
28. Recruitment Costs per new starter		
29. Waste Management (To determine new costs for residential; recycling)		
30. Weed Spraying costs per natural area hectares; roads and paths per liner metre		
31. Bus Shelter Contract		
32. Parking Schemes (Review of administrative costs of compliance)		
33. Benefits of online payments (For rates, licences etc)		