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Independent appraisal of the City of Joondalup's cost efficiencies and services review

December 2014

City of
Joondalup

Background and objectives

What led to the appraisal of the City of Joondalup's approach to its cost efficiency and service review?

The Chief Executive Officer has initiated an extensive program of reviews to be undertaken across a number of the City's activities with the objective of identifying inefficiencies, eliminating waste and reducing costs with no adverse impact on overall performance and service delivery. The City has used a variety of methodologies to assist in achieving this objective.

Deloitte has been engaged by the City's Chief Executive Officer (CEO) to conduct an independent appraisal to determine if the City's approach is:

- Appropriate and structured;
- Consistent with relevant standards, guidelines and good practice in the local government sector; and
- Likely to achieve its objectives efficiently and effectively.

Interviews were conducted with the CEO and key staff members to understand the City's approach. The following framing questions were used to inform Deloitte's assessment and recommendations.

1. How have services been targeted for review?
2. What approach has been taken to identifying improvement opportunities?
3. How have improvement opportunities been prioritised for implementation?
4. How are the service reviews conducted, managed and delivered?

The City's current approach (1 of 2)

45 services have been targeted for review…

- The City currently provides 131 services to its community and has adopted an organisation wide approach to targeting the right services for review. A sub-set of 45 services was targeted for review to identify opportunities for improving efficiency and reducing cost across the organisation based on the following parameters:

  - Recurring issues raised by Elected Members

  - The expertise and experience of the City's CEO on where cost reduction and process improvements can typically be made.

A number of methodologies have been used to identify the improvement opportunities…

- Since embarking on its journey to demonstrate more efficient ways of working, the City has explored various approaches to identify improvement opportunities:
  - The general approach entails using a combination of data, staff interviews and team workshops to understand where costs can be reduced, processes can be optimised and service delivery can be improved. These service reviews have been and is being conducted using either Lean Six Sigma methodology or the Australian Business Excellence Framework
  - A culture of continuous improvement has been adopted in the City's operations to ensure staff are provided opportunities to improve their ways of working during business-as-usual
  - The Infrastructure Services Directorate has begun the use of the Quality Management System (ISO9001:2008) framework to identify deviations from established processes. Through six-monthly audits and submission of service improvement requests, the City's Infrastructure Services work processes and service levels are reviewed for improvements and implemented as part of business as usual activity.
- The City is also looking at applying a number of other methodologies for the in-depth review of the rest of the services across the Business Units to achieve its objectives.

The City's current approach (2 of 2)

Improvement opportunities are agreed upon with key stakeholders before implementation and progress is monitored…

- As part of the in-depth review of each target service, recommendations for improvements are discussed and agreed upon by relevant key stakeholders. These recommendations are then approved and handed over to the respective Business Unit Managers for evaluation and implementation

- The City's Executive and Risk Services team has recently developed a 'Scoping' template that contains information on the service review being conducted (i.e. service being reviewed, customers of service), scope of the recommendation/s and implementation progress. The intent of this template is to ensure there is consistency in the information being reported to the Executive and Risk Services team who are responsible for consolidating the information to obtain a program/organisation wide view of implementation progress.

  The relevant Business Unit Manager will be required to provide a progress status update for each recommendation and sign-off the Scoping document in conjunction with the Manager, Executive and Risk Services. The use of the 'Scoping' template is still at its infancy and was used for the first time in the review of Traffic Management Control, Electrical and Plumbing services contracts.

The reviews are conducted by a mix of internal City staff and external consultants…

- The City's intent is to have a mix of internal staff members and external consultants to assist with or conduct the review

- Amongst other responsibilities, the City's Manager, Executive and Risk Services is currently acting in a Project Management Office (PMO) capacity, overseeing the service reviews and, coordinating the activities and resources required to undertake the reviews

- In addition to the service review program, the City also has two teams undertaking other business improvement activity:

  - The Organisational Development (OD) group currently has business improvement capabilities within its team and were responsible for service reviews in the past. As part of the yearly business planning process, the OD group work with the City's Business Units to identify areas for improvement. They also conduct business improvement reviews from time to time based on the needs of the Business Units

  - The Quality Systems Officer within the Infrastructure Services Directorate runs a quality management program based on the ISO9001:2008 Quality Management System framework aimed at improving current business processes as part of the City's continuous improvement efforts.

Our assessment (1 of 2)

The City's current approach is appropriate for individual service reviews and is supported by a culture committed to continuous improvement…

The City's approach is appropriate for individual service reviews and broadly in-line with local government guidelines

- In order to ensure the service reviews are effectively delivered and not disruptive to the City's business-as-usual operations, the City has taken a focused approach by reviewing only a target list of services. By reviewing its services either individually or groups of services, rather than all at once, the City is able to implement the improvement opportunities on an ongoing basis to promptly realise efficiencies

- Individually, each methodology (i.e. Lean Six Sigma, Australian Business Excellence Framework) provides structure to assist the City with identifying opportunities to reduce waste and cost, and, developing and implementing improvements to deliver potential efficiencies and/or cost savings. The City has managed to effectively apply the relevant methodologies in order to achieve the service reviews program objectives without impacting overall performance and delivery

- The City's approach and future intent is in-line with the guidelines provided by the Australian Centre of Excellence's Service Delivery Review Manual[1]. The City has incorporated a number of guiding principles outlined in the report into its current approach such as engaging and consulting with a wide range of stakeholder throughout the review, and focusing on not just the economy and efficiency but also effective provision of services

- Involving the City's staff and assigning Business Unit Managers responsibility for implementing the identified improvement opportunities and realising the potentials savings and benefits helps promote ownership amongst staff which is important for the success of the program. Where appropriate, engaging staff during the review process helps mitigate resistance to the potential change resultant from the reviews (i.e. change is being 'done to staff') and encourages staff buy-in (i.e. change is delivered 'for staff and with staff')

- Audits are performed to ensure that the potential savings and benefits are achieved and realised within the time period specified.

[1]Australian Centre of Excellence for Local Government 2014, *Service Delivery Review: A how to manual for local government*

Our assessment (2 of 2)

✓ **Over the years, the City has embedded a culture and commitment to continuous improvement which is a key enabler to supporting the City's objectives**

In addition to the key staff demonstrating their fluency with continuous improvement during interviews, the City has exhibited its commitment to continuous improvement in the following ways:

• As part of the annual business planning process, the City's management and senior leadership seek to identify areas for improvement and ways to improve efficiency in order to deliver more with less, rather than to request a budget increase. Workshops have also been conducted with the City's management and senior leadership to introduce the concept of continuous improvement and on-board them to drive continuous improvement within their teams

• The City has built internal capability to conduct individual service reviews and ongoing process improvement activities

• The City is championing continuous improvement initiatives across the organisation through its Quality Management Program within the Infrastructure Directorate. The City intends to extend the Quality Management Program to other Directorates.

Our recommendations (1 of 3)

The current approach can be further improved to enable the City to manage and deliver multiple service reviews more efficiently and effectively

The City intends to increase the number of service reviews over the next couple of years and will be engaging a number of internal staff and external consultants to aid in its efforts. To this end, the City should consider the following recommendations to ensure that the organisation, as well as its existing frameworks, processes and tools are aligned and strengthened to support the implementation and delivery of multiple service reviews.

1 **Align organisational resources to effectively manage and deliver business improvement activities across the organisation**

There are a number of resources currently undertaking business improvement work across the organisation. While this effort is commendable and appropriate given the small number of services currently under review, the City needs to consider a more appropriate structure that will provide greater visibility of all improvement activities, eliminate duplication of efforts and allow for the central coordination of resources, management and effort.

The City should consider the formal establishment of a Program Management Office (PMO) through the existing Executive and Risk Services team to oversee, govern and manage all business improvement and service review activity. By doing so, all resources will better understand the work that each team is undertaking to contribute to the City's business improvement agenda and work together to deliver the program objectives. It is important to note that the Executive and Risk Services team are currently performing this role to some degree.

2 **Adopt a consistent method to be used for subsequent service delivery reviews**

The City intends to use a mix of internal staff members and external consultants to assist with or conduct the service reviews. It is therefore important that a consistent method is used to identify, rationalise and quantify opportunities to ensure a level of consistency is achieved in the service reviews

Having an appropriate method and approach will allow the PMO to provide direction to the resources undertaking the services review and ensure the resources are conducting the review in a manner that is appropriate, structured and approved by the City.

Our recommendations (2 of 3)

3 **Strengthen the existing Project Management framework by establishing appropriate PMO processes, tools and templates to effectively deliver and manage multiple service reviews**

The City's current Project Management framework has the basic tools and templates to support Business Units in initiating, managing and implementing independent, small-scale and less complex projects. The City needs to consider either updating current tools to suit the more complex nature of the service reviews or develop the tools necessary to effectively deliver multiple service reviews as a holistic and integrated program of work.

The following are examples of essential PMO tools:

Implementation work plan | **Risk and issues log** | **Program status report**

Having established processes and a toolkit of templates and tools (outlined above) will help the PMO to:

- Capture and report information in a consistent way across implementations
- Provide visibility into status of individual implementations
- Facilitate reporting and decision making at the Executive level
- Identify, track and effectively manage risks / issues across implementations.
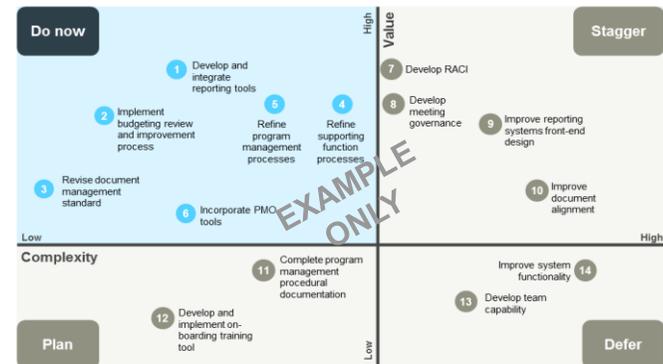
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Our recommendations (3 of 3)

(4) **Extend the City's current Project Management framework to include prioritisation of identified opportunities and, the capture and management of benefits**

Opportunities that are identified during the service reviews should be prioritised to determine when they should be implemented to ensure there is a balance between effective use of resources and realising benefits. For example, the list of opportunities may be plotted on a matrix that rates the potential saving opportunity against the implementation complexity. Each opportunity will then fall in one of the following categories:

i. Do now- Quick wins to be implemented in the short term

ii. Stagger- Implementation of opportunities should be prioritised and staggered due to its high value and complexity

iii. Plan- Implementation should be planned over a longer time period so as not to impact the implementation of those that are of higher value

iv. Defer- These opportunities should be deferred to focus implementation efforts on more opportunities that are of higher value.

Example of a prioritisation matrix

A Benefits Management process should also be developed and implemented to quantify the potential savings for the improvement opportunities and monitor the benefits realised during implementation. The Benefits Management process should seek to:

• Define benefits tracking requirements for the service reviews

• Collect and enter data on a recurring basis

• Provide for ongoing reporting, communication and follow-up.

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