

Continual Improvement and Service Review Program

Council has delivered and continues to deliver the benefits of a significant program of cost containment and savings that have assisted Council's financial sustainability and capacity to redirect savings into new services and to reduce debt. To continue to maintain financial sustainability it is recognised that both an ongoing program of continual improvement and review of services will be required to meet an increasingly challenging financial environment and a community with high expectations. To this end, Council's suite of adopted Integrated Planning and Reporting documents identified the requirement to develop and implement a program of service reviews (Continual Improvement Program). A Continual Improvement Program and review of services are a vital process to ensure local government services delivered to the Hornsby community are:

- appropriate – services meet current community needs and priorities, and can be adapted to meet future needs and wants
- effective – Council delivers targeted, better-quality services in new ways
- efficient – Council improves resource use (people, materials, plant and equipment, infrastructure, buildings) and redirects any savings to finance new or improved services and improves sustainability.

The key benefits of a Continual Improvement Program and review of services include:

- alignment of services with community needs and a more engaged community
- higher quality service provision and customer satisfaction
- increased efficiency of often limited resources
- stronger financial performance and sometimes income generation
- partnerships and networks with other local governments and service providers
- staff who work cooperatively across departments
- a more systematic approach to understanding future community needs and responding to changing strategic priorities.

What has Council implemented to date

Over the past 10 years, Hornsby Shire Council has implemented several cost containment strategies which has resulted in Council delivering an average of \$6.2 million in annual ongoing costs savings and revenue improvements, with a further \$3.2 million in one-off costs savings and revenue improvements. Since 2012, this has delivered a total of \$52.5 million in benefits that were reinvested in service delivery and infrastructure. Over the course of the current 10-year financial plan, this will continue to deliver \$67.5 million that will be utilised to deliver services and maintain infrastructure.

These savings are a result of:

- Savings found and implemented from a review of internal services in 2012
- Savings found and implemented from a review of external services in 2013
- Vigilant budgetary management through the quarterly review process, identifying and ring-fencing savings throughout the financial year.

In addition to these savings, Council implemented a general freeze on any increase to non-labour operational expenditure unless grants and/or fees and charges could support an increase in 2014-15 and again in 2017-18. In 2014-15, this resulted in costs being contained to a 1.1 per cent increase.

Over the past few years' services reviews have been undertaken in the Finance Branch, Information & Technology Branch and Property Services Team, however the approach has varied. Savings from two of these reviews allowed a redirection of savings to account for a significant under investment in technology by Council, consistent with the findings and recommendations from a completed Information and Technology Roadmap. Other service reviews across Council's Planning and Compliance Division and Waste Branches have focused on emerging areas or areas that were previously not serviced.

Councils current approach to Service Reviews

To ensure consistency in the future, a measured approach is being developed that will be structured and provide a realistic program and approach to service reviews that can be delivered sustainably and effectively. In the first instance Council will undertake a Horizontal Review, a high-level review by Council management across the entire organisation including all current practices to identify further cost savings and revenue generating opportunities that, if implemented, will improve the Long-Term Financial Plan base case, and create the financial capacity to help address future challenges. As can be seen from Council's long term financial projections further careful management of Council's finances will be required, particularly in the later years of the current 10 year Long Term Financial Plan.

This Horizontal Review will be for all services as opposed to an in-depth service by service review and is intended to:

- Revisit financial savings or revenue opportunities that have previously been considered and/or discarded but may be necessary given the current projections in the Long-Term Financial Plan
- Develop further cost saving opportunities using the combined knowledge of Council's Directors and Managers, then challenge and test these before consideration by Council
- Provide Council with a list of opportunities that that can be considered and prioritised to create financial savings and improve financial capacity
- Identify potential areas of new revenue or revenue growth.

Key areas already targeted include a review of Administration services supporting the organisation and opportunities through greater use of technology to support both staff workloads and customer facing services.

Following the horizontal review, a Continual Improvement Program for all services will be prioritised and implemented and included in the Delivery Program and 2023/24 Operational Plan. The Continual Improvement Program will be linked with Council's approved audit program and reported to Council's ARIC. Council will also benchmark cost and resources utilised against recognised industry and market benchmarks.

Framework for Continual Improvement Program

The aim of the Continual Improvement Framework is to create an environment for continuous improvement and ensure consistency. The steps in the process include:



Define Services

1. What are the activities that comprise the service
 - a. One or more output areas as defined by cost centre, management accountability of service delivery output etc
2. Service owner
3. Output types
 - a. Activity, service or program
 - b. Project
4. Service customers
 - a. Internal
 - b. External
5. Strategic drivers – why do we deliver the service?
 - a. Rationale – legislative, strategic/policy, customer demand, historic, political, other
 - b. Community Strategic Plan link

Strategic Alignment and Prioritisation

1. Contribution of the service to the strategic outcomes of the organisation
2. Prioritisation of services across the organisation – understanding the drivers behind the need for review. Identification of prioritisation may include:
 - No. of CRMs vs. Complaints
 - Branch Managers keen to review their service? (improving customer experience)
 - Councillor enquiries or complaints
 - Core business
 - Services are highly used by the community
 - Low satisfaction rated by the community as part of a community satisfaction survey
 - High costs to deliver the service. Is Service mandatory? Does the community want it?
 - Does an alternative service model exist
 - Data available
 - Risk and reputational risk
 - High contractor spends

Once the services have been defined and prioritised, Council will be able to prepare and communicate a continual improvement program which can demonstrate:

- A clear methodology for a review of services
- How reviews will be resourced
- A communication and engagement plan for staff and stakeholders
- A priority and process in place for delivery of reviews over time that are achievable, sustainable and effective.

Analyse Current Service Operation, Performance and Align Direction

1. Strategic delivery
 - a. Delivery Plan link
 - b. Strategic partners
2. Service outputs
 - a. Operational Plan links – actions or projects to be completed this year
 - b. Minimum standard to which the service needs (or can) to be delivered without breaching legislation, risk etc.
 - c. Current service levels – quantitative or qualitative description of the service output that is or can be created by applying the current level of resources
 - d. What anticipated changes to the service are likely to occur over the next five years
3. Service performance
 - a. Current performance targets
 - b. Current level of performance
 - c. Reasons for variance between target and actual performance

- d. Identified issues
- 4. Resource consumption
 - a. Cost of service
 - b. Revenue from service
 - c. Staff numbers
 - d. Major assets and fleet
- 5. Demand drivers
 - a. Customers or users
 - b. Customer satisfaction surveys
 - c. Customer feedback
 - d. External drivers of demand influencing service
 - e. Market competition
- 6. Service Plan drivers
 - a. Proposed strategic initiatives
 - b. Organisational strategic priorities
 - c. Future service impacts and issues
- 7. Service delivery opportunities (including benchmarking of current delivery i.e., resources utilised)
 - a. Alternative service delivery options
 - b. Alternative service delivery risks
 - c. Risk mitigation opportunities
 - d. Issues and options
 - e. Opportunities for improvement

Identify and Assess Opportunities

Summary of improvement opportunities identified and a 'mini business case' completed for each, forming the basis of recommendations of the review

Implement Change and Realise Benefits

1. For each opportunity:
 - a. Business changes required to implement
 - b. Business change owner and due date
 - c. Enablers and dependencies to implementation
 - d. Risks and mitigation
2. Create a summary of the key implementation issues from the opportunities templates and benefits realisation templates.

Monitoring and Reporting

Monitor implementation of the opportunities, including responsibility, accountability and reporting. To provide independent oversight of the Continual Improvement Process, Council's independent Audit Risk and Improvement Committee (ARIC) will be consulted. Reporting is anticipated through the six-monthly Delivery program and the Annual Report on the broader program with significant changes to individual service areas, where proposed, being formally reported to Council for consideration and endorsement.

At the end of the review process Service Business Plans will be developed for the next 4 years. Over the decade of the LTFP it is anticipated that most Council services will be analysed through this approach.