MorrisonLow

STRATHFIELD COUNCIL

Organisational Service Review And Improvement Plan

Strathfield Council

Document status

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Introduction

Strathfield Council ('Council') is undertaking an organisational service review to identify improvement opportunities that can guide Council with a productivity improvement plan and cost savings and/or increased income. This organisational service review forms one of the key elements to support a special rate variation (SRV) application to be implemented from 1 July 2023.

Council has identified a funding gap going forward that places Council's financial sustainability at risk unless action is taken. Council has been on an improvement journey and remains committed to continuing with saving initiatives as part of a whole-of-organisation improvement plan. This organisational service review and improvement plan seek to focus on cost containment strategies and productivity improvements that have been utilised by Council in the past and present, as well as opportunities for improvement in the future.

The objectives of an organisational service review and undertaking an improvement journey are:

- Long-term financial sustainability and viability across the organisation with a collaborative approach to solutions.
- Utilising the combined knowledge of the organisation to create a range of productivity improvements.
- Providing an improvement plan for future decision-making that embeds 'sustainability' principles in decisions at all levels.
- Enable engagement with the community on the alternative options and choices to an SRV.
- Demonstrate to IPART that Council has considered and consulted on a range of productivity improvement in making any application.
- Demonstrate to IPART and the Office of Local Government (OLG) that Council has a prioritised program of ongoing service reviews aimed at continuous improvement and optimisation of its services.
- Productivity improvements as a means of reducing the amount of any SRV.

This report summarises the outcomes of the organisational service review and improvement journey process that have been undertaken, as well as provides Council's full improvement plan.

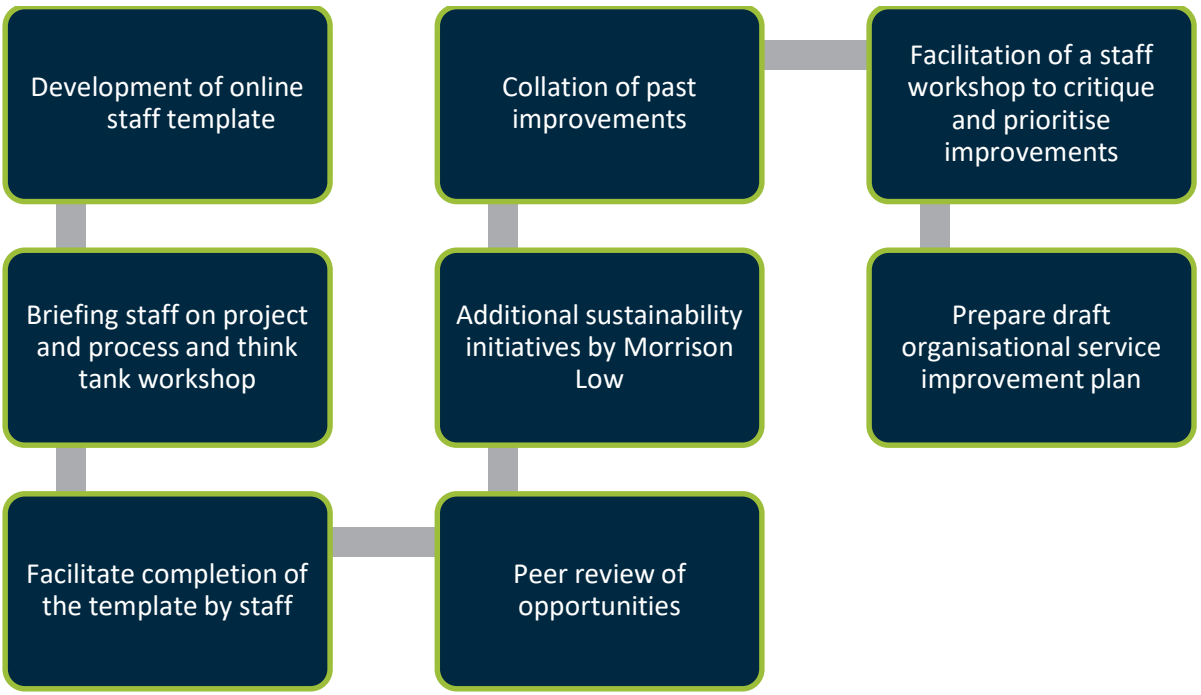
Methodology for organisational sustainability review and improvement plan

This project covers three elements:

- A short and sharp organisation-wide service review aimed at identifying improvements to Council's financial position and operational productivity or efficiencies.
- Developing a prioritisation matrix model for the development of a detailed service review program.
- Creating an improvement plan or program to support an SRV application to IPART and provide options for community engagement to mitigate the size of any SRV.

The following diagram outlines the process Council followed for this organisational service review.

Figure 1 Process for organisational service review



Background

Organisational service review

There are several components for achieving a sustainable organisation. Financial sustainability is not the only component to provide organisational sustainability. For an organisation to be sustainable, its strategy, services, capability, capacity and resources must integrate to guide sustainable decision-making. The Integrated Planning and Reporting (IP&R) framework aims to guide the pathway to organisational sustainability, instead of ad hoc decisions, made in isolation, which may threaten an organisation's sustainability.

Elements of organisational sustainability

Financial sustainability can only be achieved if the organisation itself is aligned to be sustainable. This includes the following main elements:

- planned strategic direction
- clear direction for services
- Council assets are maintained and renewed appropriately
- financial sustainability
- financial capacity
- integrated resourcing strategy
- review/develop/align policies, strategies, systems and processes to support and improve sustainability
- consistency of decision-making.

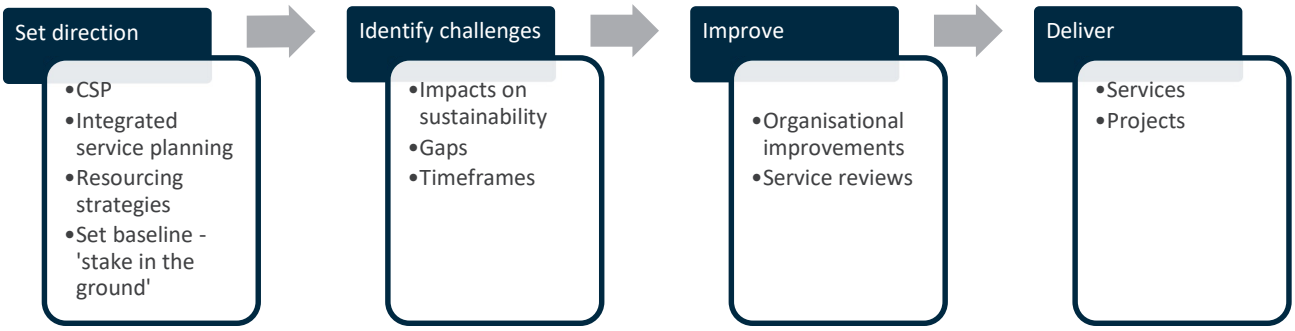
Figure 2 Organisational sustainability: the relationship between long term plans and sustainable decisions

Long-term improvement and sustainable decision making

For prolonged sustainability, Council is taking a longer-term direction, so it can plan how to get there. One of the challenges for local government is that service planning may take- a short-term view , leading to temporary solutions that try to solve specific problems. These may not be sustainable over the longer term, or appropriate when integrated with other organisational priorities.

Council is ensuring that this improvement journey will support Council's strategic direction on the long term goals of its service planning to enhance its organisational sustainability. The following high-level diagram outlines the steps in this sustainability and improvement journey.

Figure 3 Improvement journey steps



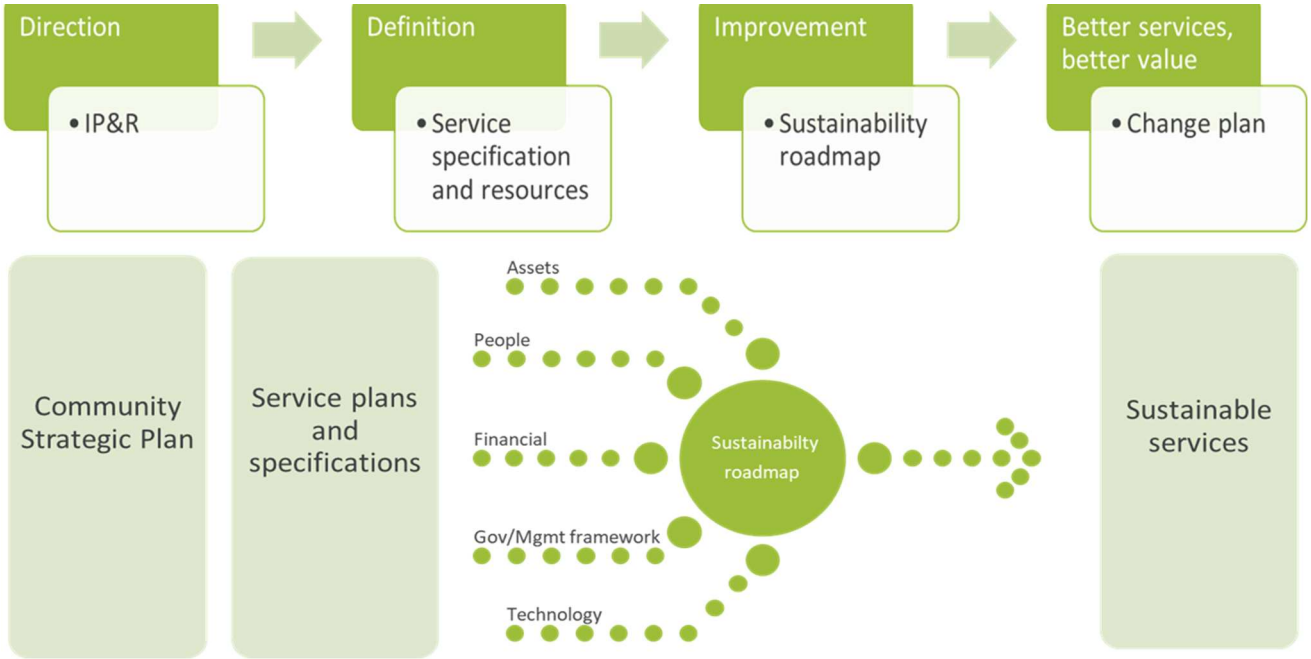
There are a number of components to achieving a sustainable organisation. Financial sustainability is often seen as the main goal, but financial sustainability does not necessarily provide organisational sustainability. For an organisation to be sustainable, its strategy, services, capability, capacity and resources must integrate to guide sustainable decision-making. The Integrated Planning and Reporting (IP&R) framework was developed for the pathway to organisational sustainability, with integration between the key resourcing strategies.

IPART will focus on Council's SRV application in demonstrating how it satisfies criterion five: productivity improvements and cost containment strategies. IPART will look for evidence of strategies and activities the Council has adopted in the past, and robust data quantifying the efficiency gains achieved. Council is addressing these challenges through a number of initiatives, including this improvement plan.

Improvement framework

We used the following framework as the basis for our approach.

Figure 4 Sustainability improvement framework



The foundation of this improvement plan is building organisational capacity and capability through a range of improvement initiatives that will require investment as well as provide savings/improvement in a financial capacity.

The full improvement plan, containing past, present and future improvements, at Appendix A, reflects the following strategic objectives:

- cost containment strategies
- productivity improvements.

These will ensure Council is able to achieve the desired saving and efficiency outcomes.

The improvement plan contains the following key themes or categories to achieve the strategic objectives for delivering the saving and efficiency outcomes:

- asset rationalisation
- change in service levels or stop services
- increased fees and charges
- energy efficiencies
- revenue generation enhancements.

Organisational service review

The organisational service review process included:

- two staff workshops or ThinkTanks
- a survey to collect, collate and analyse improvement opportunities across the entire organisation
- an elected member workshop to consider the options and improvements.

Gathering opportunities

The first step was a Think Tank session held on the organisational service review process and overall financial sustainability, to bring leadership collaboration, organisational participation and a collective design of solutions. The session looked at:

- long-term financial sustainability
- organisational capacity to deliver
- expected community services and service levels
- long-term viability and a potential special rate variation.

The Think Tank session aimed to identify a range of potential actions that could assist in improving Council's service sustainability.

The next step involved the gathering of opportunities using a survey template tailored by Council to collect and collate improvement opportunities across the entire organisation. This covered all services and identified cost savings and revenue-generating opportunities. This initiative required a higher-level scan across all services, as opposed to a detailed service-by-service review (which may be one of the opportunities identified). This initial step in the service improvement journey is designed for banking quick wins and identifying future opportunities.

The process included:

- Revisiting financial savings or revenue opportunities that have previously been considered and/or discarded but need to be reconsidered alongside other opportunities.
- Developing further cost-saving opportunities.
- Providing Council with a list of opportunities that can be considered and prioritised to create financial savings.

- Providing a list of the other organisational improvements (technology, processes, policies etc) that will enable the organisation to operate more efficiently and be more sustainable.

Through the initial organisational service review and improvement opportunities survey, staff completed 57 responses (this did not include duplicate/discounted surveys, of which there were four) which covered a broad range of Council functions.

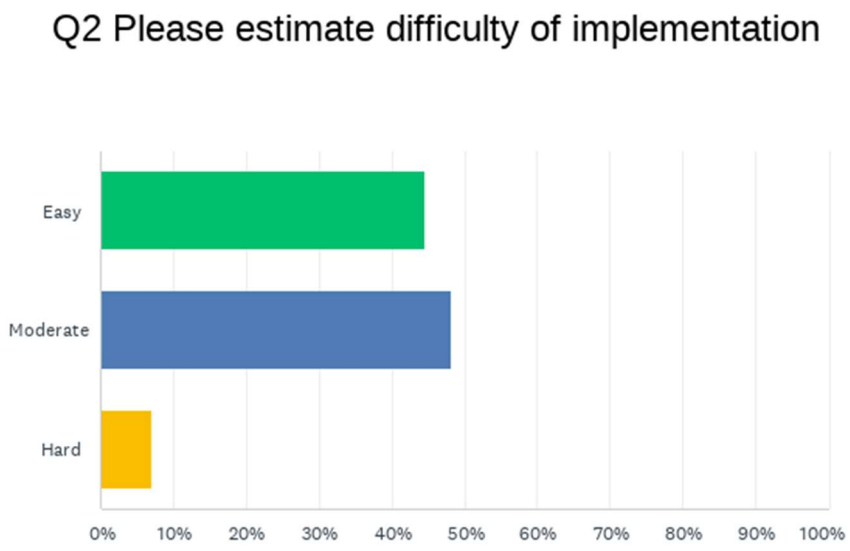
Following the first Think Tank, opportunities were submitted and analysed with additional improvements added.

Survey respondents considered the efficiency and effectiveness of each opportunity, as well as the following factors:

- reasons for pursuing the opportunity
- ease of implementation
- one-off implementation cost
- ongoing expenditure/costs
- ongoing savings/reduction in expenditure
- ongoing increase in income/revenue.

A large majority of improvements were considered easy or moderate to implement.

Figure 5 Ease of implementation



Prioritisation of opportunities

Following the opportunity gathering process, a second ThinkTank session was held with senior staff to discuss all potential improvement opportunities suggested, as well as any previously completed past improvements that had also been collected alongside these. Improvements were feasibility tested, figures checked and then improvements were ranked to be either low, medium or high priority for Council to undertake.

Past improvements

As part of the second ThinkTank, staff identified and costed 45 past improvements, which have been previously completed and that are already accounted for within Council's LTFP. Details of these are included within table two, the past improvement section of the improvement plan (Appendix A). These past improvements total $2.213 million per year in financial benefits, plus include additional efficiency and productivity savings.

Present improvements

The potential new improvement opportunities suggested by staff underwent a further prioritisation process at the second workshop, along with two additional improvement suggestions. A total of 59 improvement ideas were prioritised to 50, of which 40 were considered as high or medium priority by staff and these form the basis of Council's present improvements within the improvement plan (tables three to five within Appendix A).

The value of these draft opportunities was intially estimated to be in the range of $1,404,172 in yearly financial improvements (this excludes one-off implementation costs which total $1.271 million).

Table 1 Improvement difficulty and estimated benefits of high/medium priority improvements

Improvement implementation difficulty	Estimated potential yearly net benefit
Easy	$1,220,172
Moderate	$156,000
Hard	$340,000
Total	**$1,404,172**

The following improvements were considered to be the highest priority for Council:

- review of community bus service - potentially stop service
- domestic waste management charge review - how much is it contributing to financial sustainability of organisation
- driving range business plan to improve return
- reduce ICT infrastructure hosting costs by rationalising resources and decommissioning unused and old systems
- review of rates structure (base amount to minimums) and industrial subcategories
- undertake off-street parking review to increase income generation
- maximise revenue from property portfolio.

Of the high and medium prioritised improvements, table three (within Appendix A) outlines the eight that would reduce expenses and provide a total net benefit of $1.595 million per year. Table four provides the ten present improvements that would increase income and provide a total net benefit of $1.667 million per year. Finally, the 13 improvements within table five will provide either efficiency gains or improved services and would have a total one-off cost of $1.06 million and total ongoing costs of $1.908 million per year.

Future improvements

20 of the potential improvement opportunities, that came from the opportunity gathering process (including one added after the second workshop), were considered to be lower priority and/or needing further analysis, either by staff or during the following councillor workshop. These form Council's future improvements and are included as table six within Appendix A; these improvements are still to be assessed to determine if they will provide any further benefits for Council.

In addition to the future improvements incorporated within the improvement plan, Council will also undertake the mandatory yearly service review process, as defined by the Office of Local Government, along with further four-yearly whole of Council service reviews. There will likely be further long-term benefits from these reviews, although these will most likely be productivity improvements rather than cost savings.

Elected members' workshop and building the improvement plan

Following the second staff workshop, an elected member workshop was held to consider the improvements. The workshop provided details of the service (including income and expenditure) and improvement opportunities identified and these were further prioritised by the working group. Councillors indicated whether they supported the proposed improvements for inclusion in the LTFP for consultation with the community as part of a potential SRV application to IPART. The councillors' decisions are included as a column for the present improvements within the improvement plan.

Following the workshop, the final full improvement plan was created and this is included as Appendix A. The improvement plan details the following:

- past improvements that have been incorporated into Council's previous LTFPs (table two)
- present improvements that are high and medium priority and have now been built into and accounted for within Council's updated LTFP, which will go out for consultation as part of the potential SRV application community engagement period (tables three to five)
- lower priority future improvements that have not been fully analysed but may create additional benefits for Council in the future and as such have not been costed into the updated LTFP (table six).

Appendix A Improvement plan

Past improvements

Table 2 Past improvements

Past improvement	Efficiency gains/ productivity improvements	Cost saving/ revenue gain prior to 2021/22	Cost saving/ revenue gain post 2021/22
Closure of High Street Library and book locker installed for access for book collections		$170,000	
Staffing weekend costs - managed and libraries closed		$47,000	$47,000
Street lighting - installation of LEDs – stage 1 of Ausgrid project		$46,000	
Solar panels on the library building			$9,000
Reduction in diesel consumption through plant and fleet decision making		$80,000	
Closure of Hudson Park Golf Course which was continually operating at deficit and offsetting the surplus realised from the Golf Driving Range - based on minimal patronage and staff/operational costs. There was also a significant drop in water use and therefore, reduction of water costs. Hudson Park Golf Course used about 50% of all Council water.		$200,000	
Upgrade of the Golf Driving Range (improved revenue stream)		$1,040,000	
Changing from Fujitsu to Authority system	✓		
Changing from ECM to Content Manager (Record Management)	✓		
Bus Shelter Advertising (Council has had successful in generating revenue which was previously not realised)		$160,000	
Credit card processing (library, compliance and customer services)	✓		
Stop cash handling - Customer Service, Library and Golf Range	✓		
Implementing the DA tracker	✓		
Integration of the Planning Portal with Council's current systems	✓		
Review and change of contract with LightHouse whereby the tenant incurs cost of repairs and maintenance to the property. In 2021/22, the tenant had commenced works to the value of approx $900k.	Improved Council building		
Council removed arborist function and used contractors as required.	✓		
Closure of Aged Care Centre		$250,000	
Scout system for recruitment processes	✓		
Introduction/Implementation of a facilities and sportsfield booking system (additional FTE in2023/24 onwards)	✓		

Past improvement	Efficiency gains/ productivity improvements	Cost saving/ revenue gain prior to 2021/22	Cost saving/ revenue gain post 2021/22
Waste Clean-up booking system (new system in Nov 22)	✓		$75,000
Amenities/Council facilities - not required ranger services	✓		
VAULT - Council's WHS system	✓		
Improved tree management processes removed administrative bottlenecks and expedited application processing	✓		
Reviewing Council's Investment Strategy which is providing for better trending yields		$300,00 minimum	
Implementation of Vendor Panels to increase value and reduce risk	✓		
Review of advertising costs for recruitment resulting in purchasing cost effective packages with online service providers	✓	$4,000	
Event management – Council seeks sponsorship of events to offset costs		$50,000	
Energy and water use – actions implemented to curtail costs through Council's water and energy efficiency plans. Billing is monitored on a quarterly basis and investigations are initiated for unexpected peaks in billing.			$30,000
Introduction of charges to offset merchant charges on credit cards		$5,000	
Introduction and integration with Authority of a new electronic document management system CM10	✓		
Introduction of new phone system including MiCollab which enables seamless communication (and connection) across multiple platforms and has a desktop and app solution	✓		
Refinement of many customer processes including bonds which streamlined function and decreased refund times	✓		
Introduction of organisations first customer relationship management system	✓		
Refinement bookings invoicing - introduction of electronic invoicing, invoices for bookings now completed by 1 officer (previously involved 5 Officers and lengthy approval process) in a matter of seconds	✓		
Introduction of electronic delegations and legislative compliance system to manage delegations and legislative compliance	✓		
Learning management system to manage training	✓		
Introduction of Infocouncil business paper system	✓		
Introduction of Ivvy bookings system to manage bookings	✓		
Introduction of registers for leasing and licensing which moves the management away from spreadsheets	✓		

Past improvement	Efficiency gains/ productivity improvements	Cost saving/ revenue gain prior to 2021/22	Cost saving/ revenue gain post 2021/22
Introduction of Code of Conduction e learning module to streamline code of conduct induction	✓		
Introduction of timesheet system to capture attendance	✓		
Improvements currently being implemented			
Integration of Infocouncil with CM10	✓		
Development and introduction of customer app - iconcierge - this will include bookings and parking permits	✓		
Development and introduction of a business paper portal	✓		
Introduction of electronic planning certificates including online payments	✓		
Total		**2,052,000**	**161,000**

Present improvements

Table 3 Present improvements - reduced expenses

Present improvement – reduced expenses	Staff priority	Councillor priority/ inclusion in LTFP	Difficulty	Ongoing reduction in expenditure ($)	Ongoing expenditure costs ($)	Yearly net benefit ($)
Review of community bus service - potentially stop service	1	Y	Easy	1,300,000	0	1,300,000
Reduce ICT infrastructure hosting costs by rationalising resources and decommissioning unused and old systems	1	Y	Moderate	150,000	0	150,000
Review of street sweeping service - involving residents	1	Y	Hard	0	0	0
Review fleet (heavy and small) and plant hire charges - efficiency savings from plant hire	1	Y	Easy	100,000	0	100,000
Cost savings associated with Ausgrid LED street light project stage 2 - one-off increase in revenue (one-off ESC amount $46,811 (variable - floating value)	2	Y	Easy	45,172	One-off initial cost of $146,000	45,172
Decrease amount spent on Christmas decorations	2	N	Easy	-	-	-
Reduce expenditure on conferences and seminars	2	N	Easy	-	-	-
Increase DA fees to cover costs	1	N	Easy	-	-	-
Total				**1,595,000**	**One-off cost of $146,000**	**1,595,000**

Table 4 Present improvements - increased income

Present improvement – increased income	Staff priority	Councillor priority/ inclusion in LTFP	Difficulty	Ongoing increase in ($)	Ongoing expenditure costs ($)	Yearly net benefit ($)
Driving range business plan to improve return	1	Y	Easy	500,000	0	500,000
Review level of rent of commercial buildings	1	Y	Moderate	200,000	0	200,000*
Review parking strategy for off street parking pricing and meter and review residential parking permit fee	1	Y	Moderate	650,000 (plus $90,000 reduction in expenses)	One-off initial cost of $35,000	340,000*
Planning proposal fees and charges review	1	Y	Easy	50,000	0	50,000

Present improvement – increased income	Staff priority	Councillor priority/ inclusion in LTFP	Difficulty	Ongoing increase in ($)	Ongoing expenditure costs ($)	Yearly net benefit ($)
Additional revenue from property leases and licences - strategy	1	Y	Moderate	200,000	One-off initial cost of $30,000	200,000*
Review of investment strategy (revenue recognised from 2023/24 onwards)	1	Y	Easy	300,000	0	300,000
Maximise Cloudmaster utilisation - implement water monitoring, light monitoring and also electronic billing for users, opening and closing building (benefit includes $50,000 reduction in expenditure)	2	Y	Easy	100,000	50,000	50,000
Food shop annual admin fee to all shops - cost recovery	2	Y	Moderate	62,000	0	62,000
Introduction of compliance fees and reinspections from July 2022	2	Y	Moderate	15,000	0	15,000
Develop advertising strategy for whole of council-area - all advertising opportunities	1	N	Hard	-	-	-
Total				**2,077,000**	**450,000 (plus one-off initial costs of $65,000)**	**1,667,000**

Table 5 Present improvements - efficiency/productivity gains

Present improvement – efficiency/productivity gains	Staff priority	Councillor priority/ inclusion in LTFP	Difficulty	Efficiency/ productivity gains	One-off cost ($)	Ongoing cost ($)
Domestic waste management charge review - how much is it contributing to financial sustainability of organisation	1	Y	Moderate	✓	5,000	0
ICT review and strategy roadmap - use of tech to improve org efficiency	1	Y	Moderate	✓	0	533,000
Review DCP/LEP and contribution plans 7.11/7.12	1	Y	Moderate	✓	500,000 (over 3 years)	0
Land and property strategy	1	Y	Moderate	✓	50,000	0
Review of rates structure (base amount to minimums) and industrial subcategories	1	Y	Moderate	✓	25,000	0
Increase in depreciation by $625,000 – recommendation from Fair Value and Depreciation Report by Morrison Low	1	Y	Easy	✓	0	625,000
Review verge mowing - with idea to cease	1	Y	Moderate	✓	0	0
Review fees and usage of sports fields and develop policy and proper pricing principles matrix	1	Y	Hard	✓	0	0
Operational review of outdoor activities (inc waste)	2	Y	Moderate	✓	0	0
Increased IT expenditure and resourcing	2	Y	Easy	✓	0	250,000
Develop and implement an organisational procedure and process mapping	2	Y	Moderate	✓	30,000	0
Workforce review of key roles and systems (including organisational structure and enterprise risk management) and service resource requirements across organisation (e.g. payroll, engineers). Update workforce plan.	2	Y	Easy	✓	0	500,000
Upgrade remaining sports field lighting to LED to improve efficiency	2	Y	Moderate	✓	450,000	0
Total					**1,060,000**	**1,908,000**

Future improvements to be further costed and considered

Table 6 Future improvements

Future improvements	Staff priority	Councillor priority	Difficulty
Create an environmental/infrastructure levy - infrastructure operations and maintenance (drainage); energy efficiency in buildings; review street sweeping; community gardens; target of carbon neutral	2	Future (F)	Hard
Develop service review program	1	F	Moderate
Review of in-house catering services	2	F	Easy
Review of 4-day working week - productivity and efficiency gains	2	F	Moderate
Review Council's current utility (water, electricity etc) usage and identify ways to reduce usage/costing. Target a 10% saving.	2	F	Easy
Reduce expenditure on conferences and seminars	2	F	Easy
Procurement review - e.g. one-off contract negotiations and competitive tendering	2	F	Moderate
Review events run by Council	2	F	Easy
Non core services review	2	F	Moderate
Increased delivery of in-house training	2	F	Moderate
Reduced postage and printing costs - e.g. emailing rates notices	2	F	Easy
Consortium for sharing of library books and materials - access to wider resources from Burwood, Canada Bay and Inner West - access to collections with annual combined spend of $1,076,993	3	N/A	Moderate
Library unstaffed extended hours access (staff savings) and user charges (revenue) - one-off cost for ensuring infrastructure in place	3	N/A	Easy
Funding for new library fit out and collection in a new development – giving community access to space and physical book collections, supporting a growing population's literacy needs	3	N/A	Hard
Book lockers for members to collect their reserved items 24/7. Installed 3 book lockers over 2020/21 and looking at additional locations for 2 new. Also investigating potential for use as parcel collection - parcel pickup proposal to follow	3	N/A	Moderate
Introduce salary cap or recruitment freeze	3	N/A	Moderate
Introduce style guide, templates and generic documents to increase efficiencies of replicating documents and plans.	3	N/A	Easy
Review salary system for all staff	N/A	N/A	Moderate
Flexible work arrangements	3	N/A	Moderate
Reduce grants to community organisations	3	N/A	Moderate
Total estimated potential yearly net benefit (not fully costed)	**-$322,000**		