



## ***Program Guideline and Plan***

*This Guideline is primarily adapted from “Service delivery Review: A how to manual for local government, Second Edition, June 2015” published by the Australian Centre of Excellence for Local Government*

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# INTENT STATEMENT

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Although Service Reviews form part of Council's responsibilities under the Integrated Planning and Reporting Guidelines, Council sees Service Reviews as an integral part of understanding Council operations and their value to the community. It is essential Council services continue to underpin, maintain and grow development opportunities in the area. How this is possible must therefore be a core consideration of each Service Review.

Council intends for its Service Reviews to address a number of considerations across Council's deliverables. To ensure Council's ability to deliver its core responsibilities into the future (deliverables such as road infrastructure, sewerage operations, water utility provision, open spaces and cemetery provision), Council must ensure its Services remain financially affordable by considering:

- the long term impacts on Council's Long Term Financial Plan where the service is delivered at current, increased, or decreased levels;
- how Council might achieve continuous improvement in the provision of services by:
  - understanding priorities change;
  - performance ebbs and flows;
  - community expectations change;
  - affordability varies; and
  - legislations changes
- all services provided by Council meet defined performance outcomes as agreed with the community and key stakeholders;
- how the service might be optimised to provide the best value to the community
- provide opportunity to partner with adjoining and nearby Councils and other public or private service providers where possible
- take into account the importance of maintaining and where possible, increase local employment and development opportunities;
- the service is accessible to those members of the community for whom the service is intended; and
- how climate factors might impact service delivery and service levels into the future.

When considering how and where Council will deliver its services, the development of a positive relationship with the traditional custodians of the land will be invaluable in ensuring positive outcomes for the entire community.

Where possible Service Reviews will present options for the delivery of Services in ways that will not always remain "in house". Collaboration with surrounding Councils provide the opportunity to deliver efficiencies of scale to Council's service delivery. Other options will also

be assessed and their viability considered as part of the Service Review. Considering alternative delivery options does not mean Council will cease to deliver any services, nor reduce staffing numbers. The consideration of options will provide an understanding of alternatives and their value to Council and the community over the long term, particularly where Service Delivery levels are mandated or legislated.

It will also be important for Council to consider the non-core services it is delivering or intends to deliver in the future. Review of the Services must assess the community impacts where Council chooses to continue to provide the service. For example, Council may continue to provide a service understanding it has an ongoing financial cost to the community in instances where no other provider is providing the needed service to the community. Similarly Council may decide to discontinue a service where the costs to the community are high but the benefits are not sufficient to provide the needed social outcomes to facilitate the Service into the future.

# 1. EXECUTIVE SUMMARY

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Council has identified multiple issues highlighting the impact of such a surge in population, including substandard electrical infrastructure, lack of access to key worker housing, and inequitable access to digital connectivity. Council is therefore, being forced into non-core service delivery to address the pressures being placed on the community and to respond to the lack of access to essential liveability factors.

Service Reviews for Local Councils are provided for under the *Local Government Act 1993* (the Act) and the Integrated Planning and Reporting Guidelines.

Service Reviews are an important function of good government and good management practices. At best they provide an opportunity to reset historical practices which may no longer be relevant and allow Council to provide the community with more modern and efficient services. At worst they provide the community the opportunity to know that Council is providing the best service it can with the resources available to it.

Service reviews will help Council to:

- understand the service needs of our community;
- determine how to efficiently and effectively delivery those services;
- work internally or with partners to delivery services; and
- continuously improve these services.

The framework will help readers to understand:

- why service reviews are an important part of Council good governance practice;
- what service reviews might achieve;
- how service reviews help create a culture of continuous improvement and why this is important; and
- how to plan and undertake a service review.

## 2. COUNCIL OVERVIEW

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Berrigan Shire is a Regional NSW Council situated on the New South Wales and Victorian boarder. It is three hours north of Melbourne (270km) and 7 hours (670 km) south-west of Sydney. Though the Shire is itself geographically small (206,577 ha) it is the most densely populated regional Council area in NSW (4.3 persons/km<sup>2</sup>). Connectivity of infrastructure and access to each township is therefore highly valued by the community.

Given the central and convenient position of the Shire, we are facing unprecedented growth. The Regional Australia Institute recently reported a 50% increase in migration to the area in the March 2022 quarter when compared with the March 2021 quarter; and a 6% increase in migration to the region to the year ending March 2022 when compared with March 2021. Increased migration is seeing a change in demographic in the area with those closest to the river experiencing a younger, family oriented demographic than has been the case in the past. The change in demographic and the fact many are coming from more urban areas, is increasing the Service Level expected by the community as a whole.

Council has identified multiple issues highlighting the impact of such a surge in population, including substandard electrical infrastructure, lack of access to key worker housing, and inequitable access to digital connectivity. Council is therefore, being forced into non-core service delivery to address the pressures being placed on the community and to respond to the lack of access to essential liveability factors.

Growth in the area is underpinned by a strong agricultural sector which is in turn encouraging a diversification of business opportunities in the region. Growth in aviation tourism, agtourism, changes to working patterns (such as working from home) and changing lifestyle expectations are placing pressure on our council owned infrastructure such as our road network for example.

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- understand the service needs of our community;
- determine how to efficiently and effectively delivery those services;
- work internally or with partners to delivery services; and
- continuously improve these services.

The framework will help readers to understand:

- why service reviews are an important part of Council good governance practice;



## Services Review

### *Program Plan*

- what service reviews might achieve;
- how service reviews help create a culture of continuous improvement and why this is important; and

how to plan and undertake a service review.

## 3. SERVICE REVIEW FRAMEWORK

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Service Reviews for Local Councils are provided for under the *Local Government Act 1993* (the Act) and the Integrated Planning and Reporting Guidelines.

Section 406 of the Act states as follows:

### **406 Integrated planning and reporting guidelines**

- (1) The regulations may make provision for or with respect to integrated planning and reporting guidelines (referred to in this Chapter as *the guidelines*) to be complied with by councils.
- (2) Without limiting subsection (1), the regulations may impose requirements in connection with the preparation, development, consultation on and review of, and the contents of, the community strategic plan, resourcing strategy, delivery program, operational plan, community engagement strategy, annual report and environment reporting of a council.

The *Local Government (General) Regulation 2021* (the Regulations) then state:

### **Part 9 Management and Accountability**

#### **Division 1A Strategic planning**

#### **196A Integrated planning and reporting guidelines – the Act, s406**

A council must comply with the integrated planning and reporting guidelines in the document entitled *Integrated Planning and Reporting Guidelines for Local Government in NSW*, published on the website of the Department, as in force from time to time.

## Integrated Planning and Reporting Guidelines

The Integrated Planning and Reporting Guidelines 2021 (the Guidelines) considers each of Council's required Integrated Planning and Reporting (IP&R) documents and how they must consider Service Reviews.

### Delivery Program

#### **Essential Elements**

- 4.3 To encourage continuous improvement across the council's operations, the Delivery Program must identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures.

## Services Review

### Program Plan

- 4.6 When preparing its Delivery Program, the council must consider the priorities and expected levels of services, expressed by the community during the engagement process.

#### Standards

Under “Standards: Delivery Program” the Guidelines note for the Development Plan to meet all essential elements of the Guidelines:

*Areas of service that councils will review and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures.*

## Operational Plan

### Essential Elements

- 4.17 With respect to services reviews identified in the Delivery Program (see Essential Element 4.3), the Operational Plan must specify each review to be undertaken in that year.

#### Standards

Service reviews to be undertaken

## Annual Report

### Essential Elements

- 5.3 The Annual Report must include information about how the council has progressed on the delivery of the service reviews it has committed to undertake and any changes made to levels of services in the areas under review (see also Essential Element 4.17)

#### Standards

How the council has progressed on the delivery of the service reviews it has committed to undertake that year, the results of any of those reviews and any changes made to levels of service.

## Other Drivers

Service Reviews are an important function of good government and good management practices. At best they provide an opportunity to reset historical practices which may no longer be relevant and allow Council to provide the community with more modern and efficient services. At worst they provide the community the opportunity to know that Council is providing the best service it can with the resources available to it.

## 4. ABOUT THIS GUIDELINE

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Service reviews will help Council to:

- understand the service needs of our community;
- determine how to efficiently and effectively delivery those services;
- work internally or with partners to delivery services; and
- continuously improve these services.

The framework will help readers to understand:

- why service reviews are an important part of Council good governance practice;
- what service reviews might achieve;
- how service reviews help create a culture of continuous improvement and why this is important; and
- how to plan and undertake a service review.

### What is service delivery?

Council delivers a range of services to meet the needs and wants of the Berrigan Shire. Service delivery covers:

- internal services such as strategic planning, human resource management, finance, etc; and
- external services such as waste collection, water supply, parks maintenance, road infrastructure, and development application processing etc.

### What is a service review?

A service review aims to drive more efficient use of resources whilst providing services to meet the needs of the community. In the context of this manual, a service review can take a 'whole of Council' approach or just cover one department, service or strategic focus area.

### Why conduct a service review?

Council is under increasing financial pressure, and there is often a widening gap between available revenue and expenditure requirements. At the same time, Council is expected to be

environmentally and socially responsible for the provision of an increasing range of services with increasing quality expectations.

Service reviews help Council clarify the needs of our community and use an evidence-based approach to assess how efficiently and effectively we are meeting those needs. Using a range of information sources, Council can determine what changes to make to service delivery which will provide benefits to all stakeholders whilst remaining financially sustainable.

Service reviews are an ongoing process to ensure Council is delivering what the community needs in the best possible way, especially with changing community needs and emerging external factors such as the need to respond to climate change. Establishing a review process builds the capacity of both staff and the community to think critically and systematically about current and future service needs. Undertaking this service review process will also lead to innovation in service provision and help us to build a culture of continuous improvement.

## How do we prioritise service reviews

Each service should be assessed against the following elements:

- **Strategic Alignment** – how strongly the service is aligned with our Strategic Plan
- **Compliance** – how difficult it is to comply with the regulatory requirements associated with the delivery of the service
- **Alternative Service Delivery** – are alternative service delivery options available in the area
- **Resources – Staff** – how labour intensive is the service to deliver in house
- **Resources – Subcontractors** – if subcontractors are available, how difficult are they to source / how much might accessing subcontractors cost Council
- **Pressure for Change** – how much pressure is there to change the way this service is delivered (pressure may be due to regulation change, community expectation, government direction etc)
- **Ease of Change** – how easy or difficult will it be to change from the current service delivery model
- **Funding Source** – is the service funded in house or externally
- **Capital Expenditure** – how much does this service contribute to our capital expenditure
- **Operational Expenditure** – how much does this service contribute to our operational expenditure

Each of the above elements is weighted from 1-3 with one being a small amount and 3 being a large amount. Once all are added up a score out of a possible 30 provided information as to the priority given to each service for review.

## **5. CORPORATE SERVICE REVIEWS**

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Council's Corporate Service team provide generally internally focused services, or those that support the operations of other teams within Council's operational structure.

The Corporate Service Team includes the provision of:

- Human Resource Management
- Information Technology
- Records and Information Management
- Financial and Accounting Management
- Communications
- Customer Service
- Revenue Management
- Recreation Services

For the purposes of this plan Council's Audit and Risk management functionality is included with Corporate Services though it usually sits within Council's governance framework and reports directly to the CEO.

An initial assessment of the reviews to be undertaken by the Corporate Services Team during the 2022/2023 – 2025/2026 financial years are outlined below.

Service Prioritisation Corporate Services													
	Attributes	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		
	Weighting 1-3	Strategic Alignment	Compliance	Alternative Service Delivery?	Resources - Staff	Resources - Subcontractors	Pressure for Change?	Ease of Change	Funding Source	Cap Exp	Op Exp	Score	Review Priority
Data Key												Auto-Calculates	16 or <= Low,
No.	Service												
												Score	Review Priority
10	IT	2	3	3	2	3	3	1	1	3	3	24.00	H
16	Pools	3	3	3	3	1	3	1	2	3	2	24.00	H
20	Saleyards	2	3	3	2	3	3	1	1	3	3	24.00	H
3	Financial management budgeting and reporting	3	3	2	3	3	3	1	1	1	3	23.00	M
14	Public cemeteries	3	3	3	2	2	2	2	2	1	2	22.00	M
12	WHS	2	3	1	3	2	3	2	1	1	3	21.00	M
5	Rating and revenue management	3	3	2	3	2	2	1	2	1	2	21.00	M
7	Payroll	1	3	3	3	3	2	1	1	1	2	20.00	M
9	Records management	2	3	2	2	2	3	2	1	1	2	20.00	M
21	Asset management	3	3	1	3	1	1	2	2	1	3	20.00	M
4	Customer service management	3	1	1	3	1	3	2	1	1	3	19.00	M
8	Human Resources	3	3	2	2	1	3	1	1	1	2	19.00	M
11	Procurement	2	3	1	3	1	3	1	1	1	3	19.00	M
13	Accounts payable and receivable	1	2	2	3	2	3	1	1	1	3	19.00	M
6	Bendigo bank facility	1	3	3	3	1	1	2	1	1	2	18.00	M
15	Museums	3	1	3	1	2	1	1	2	2	1	17.00	M
18	Sporting grounds and venues	3	2	2	1	2	1	1	1	2	2	17.00	M
2	Public disclosure and compliance	2	3	1	2	1	1	2	1	1	2	16.00	L
19	Communications	2	2	1	1	1	1	3	1	1	1	14.00	L
17	Halls	3	1	1	1	2	1	1	1	2	1	14.00	L
1	Councillors fees and expenses	1	3	1	2	1	1	1	1	1	1	13.00	L

## **6. INFRASTRUCTURE REVIEWS**

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Council's Infrastructures team provides primarily externally focused services and is the most complex operational group within Council's portfolio.

The Infrastructure Team includes the provision of:

- Project Management
- Asset Management
- Engineering Design
- Roads (Sealed and Unsealed)
- Road Network Management
- Parks and Gardens
- Facilities Management
- Water Delivery
- Sewerage
- Fleet Management
- Landfill Management
- Waste Management
- Stormwater Management
- Aerodrome Management
- Footpaths
- Street Cleaning
- Street Lighting

An initial assessment of the reviews to be undertaken by the Infrastructure Team during the 2022/2023 – 2025/2026 financial years are outlined below.



Services Review

Program Plan

	Attributes												
	Weighting 1-3	Strategic Alignment	Compliance	Alternative Service	Resources – Staff	Resources – Subcontractors	Pressure for Change?	Ease of Change	Funding Source	Cap Exp	Op Exp	Total	Review Priority
No.	Service												
6	Transport- Road Network – Sealed/Unsealed Rds/Bridges/Footpaths/Kerb & Gutter	3	3	3	3	3	3	3	2	3	3	29	H
2	Water Supply	3	3	3	3	3	2	3	3	2	3	28	H
3	Wastewater	3	3	3	3	2	3	3	3	3	2	28	H
13	Drainage & Stormwater Management	3	3	3	2	1	3	3	3	3	3	27	H
1	Solid Waste Management Domestice Waste Collection Solid Waste Management Landfill Management Recycling	3	2	3	3	1	3	3	3	3	2	26	H
15	Parks & Gardens & Streetscapes	3	2	3	2	2	2	2	3	1	3	23	M
9	Fleet Management	3	3	2	3	2	1	1	2	2	2	21	M
8	Project Management	2	2	2	3	2	2	3	2	1	1	20	M
4	Aerodrome	2	1	1	2	1	2	2	3	3	2	19	M
12	Street Cleaning	3	3	3	2	1	1	1	2	1	2	19	M
17	Aerodrome – Tocumwal/Berrigan	3	3	1	1	1	2	2	2	3	1	19	M
10	Emergency Services	2	2	3	2	2	1	1	2	1	2	18	M
14	Street Lighting	2	2	3	1	1	1	1	2	2	2	17	M
7	Engineering Design	2	2	1	2	1	2	2	2	1	1	16	L

## **7. STRATEGIC PLANNING AND DEVELOPMENT REVIEWS**

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Council's Strategic Planning and Development Team provides primarily externally focused services and is the newest operational group within Council's portfolio.

The Strategic Planning and Development Team includes the provision of:

- Integrated Planning and Reporting
- Library Services
- Biosecurity Management
- Animal Management
- Public Health Management
- Economic Development
- Tourism Development
- Visitor Information Centre
- Development Planning
- Town Planning
- Building Surveying
- Council Building Maintenance

An initial assessment of the reviews to be undertaken by the Strategic Planning and Development Team during the 2022/2023 – 2025/2026 financial years are outlined below.

Service Prioritisation													
	Attributes	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		
	Weighting 1-3	Strategic Alignment	Compliance	Alternative Service Delivery?	Resources - Staff	Resources - Subcontractors	Pressure for Change?	Ease of Change	Funding Source	Cap Exp	Op Exp	Score	Review Priority
Data Key												Auto-Calculates	16 or <= Low,
No.	Service												
	Strategic Planning and Development											Score	Review Priority
1	Local Infrastructure Contributions	3	3	1	3	3	2	3	3	3	2	26.00	H
2	Development Applications - Commercial and Sub-divisions	3	3	2	3	1	3	3	1	3	2	24.00	H
3	Building Services	2	3	3	2	3	3	3	1	3	2	25.00	H
4	Noxious & Endemic Weed Control - Private Works	3	3	3	2	3	3	1	3	1	2	24.00	H
5	Development Applications - Residential & complying	3	3	2	3	1	3	3	3	1	2	24.00	H
5	Planning	3	3	2	3	1	3	3	3	1	2	24.00	H
6	Local Government Act - Section 68 Approvals	2	3	1	2	1	2	3	1	3	2	20.00	M
8	Integrated Planning - Council	3	3	1	3	1	1	1	1	1	2	17.00	M
9	Asset & Facility Maintenance - Council Operated Facilities	2	3	1	2	1	1	3	1	1	2	17.00	M
11	Asset & Facility Maintenance - Council Committee Operated	1	3	1	2	1	2	3	1	1	2	17.00	M
12	Library Services	2	3	1	2	1	3	1	1	1	2	17.00	M
	Regional Strategic Planning	2	3	1	2	1	3	1	1	1	2	17.00	M
	Strategic Planning (Land Use)	2	3	1	2	1	3	1	1	1	2	17.00	M
	Customer Service	1	3	2	2	1	1	2	1	1	2	16.00	L
	Underground Petroleum Storage Systems Approvals	3	2	1	3	1	2	1	1	1	2	17.00	M
	Biosecurity & Compliance - External (RWAP)	1	3	1	2	1	1	1	2	1	2	15.00	L
	Companion Animals / Stock	1	3	1	2	1	1	1	2	1	2	15.00	L
	Noxious Weed Control - (Internal)	1	3	1	2	1	1	2	1	1	2	15.00	L
	Annual Review of Plans	1	3	1	1	1	1	2	1	1	2	14.00	L
	Tourism - Visitor Services	2	1	1	2	1	3	2	1	1	2	16.00	L
	Customer Service	1	3	1	1	1	2	1	1	1	2	14.00	L
	Community Consultation	2	3	1	1	1	1	1	1	1	2	14.00	L
	Public Health & Safety Orders Section 124	1	3	1	2	1	1	1	1	1	2	14.00	L
	Records Management	1	3	1	2	1	1	1	1	2	1	14.00	L
	Annual Report	2	3	1	1	1	1	1	1	1	2	14.00	L
	Quarterly Report & Delivery Program Report	2	3	1	1	1	1	1	1	1	1	13.00	L
	BioSecurity & Compliance - External / Internal	2	2	1	2	1	1	1	2	1	2	15.00	L
	Economic Development	2	1	1	2	1	1	1	2	1	2	14.00	L
	Grant Writing	1	1	1	1	1	1	2	1	1	2	12.00	L

## 8. TYPES OF SERVICE REVIEW

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Prior to undertaking any Service Review each team undertaking the review will decide the level of review required to be undertaken. The three levels of review discussed in this Plan are described as High Level, Simple and Detailed Service Reviews. Each required different levels of resource allocation.

### High Level

High Level Service Reviews answer the following questions:

1. What options do we have in the short, medium and long term?
2. What improvements can form part of a broader debate with Council and the community?
3. What further work do staff need to do?

High Level Service Reviews:

- target a specific need (i.e. poor financial position);
- aim to find quick wins;
- consider medium to long term improvements only;
- have the primary targets of cost and revenue; and
- are a collaborative process.

These reviews are the least resource intensive and should only be used where the primary targets are to save costs or increase revenue as a direct outcome of the review.

### Simple

Simple Service Reviews answer the following questions:

1. Should this service be delivered to the community?
2. If so, how / who should deliver it?
3. To what extent should Council be involved?

Simple Service Reviews:

- consider any current delivery arrangements;
- review the financial performance of the service;
- seek to understand local considerations specific to the delivery of the service;
- consider the delivery options available; and
- provide an assessment of each delivery option.

Simple Service Reviews should be considered where a new Service is being considered by Council, or where Council has recognised that a current service is not core to its requirements and need at least some level of review as to whether the service should continue and if so how it should continue.

## Detailed

A Detailed Service Review will include:

- all elements of the Simple Service Review outlined above;
- the current efficiency and effectiveness of the Service as it is currently delivered and how improvements might be made;
- the performance of the Service to date and how this might be improved;
- current service levels and whether these are appropriate within Council's current resource limitations; and
- how the Service currently meets, or how it might meet in the future, Council's strategic and community needs.

A Detailed Service Review will therefore answer the questions – Is the Service:

- delivering on community needs and Council's goals;
- currently provided through the best delivery mechanism;
- delivered efficiently and effectively;
- resourced appropriately;
- meeting current service standards and levels; and
- planning for current and future issues affecting the Service?

A Detailed Service Review is needed where staff understand the community expectation has changed or increased over time, where the service being delivered may no longer be fit for purpose or where it becomes obvious the current service level has led to a deterioration of the service or the assets it supports.

## 9. PLANNING A SERVICE REVIEW

This Plan may be read from start to finish or the reader may choose to move to each step as required. The Plan is designed to follow a sequential process to assist with moving through the service delivery review framework. It can be used for a 'whole of organisation' review or individual service delivery reviews.

Table 1 outlines the various steps required to undertake a Service Delivery Review.

Step	Description	Considerations
Step 1	Establishing the Review	Elements of a strong foundation for service delivery review
Step 2	Project Set Up	Guiding principles, team structures, objectives and scope, stakeholder identification, templates/tools, evaluation frameworks
Step 3	Information Gathering	Existing information such as services and sub-services, community views, levels of service and priority setting
Step 4	Service Analysis	Conducting and analysis of alternative service delivery models, consolidation options, improvements and funding arrangements.
Step 5	Stakeholder Engagement	Drafting and reviewing recommendations with stakeholders
Step 6	Implement Change	Making change, documenting new processes, benefit realization
Step 7	Evaluation and Continuous Improvement	Evaluating the changes made and the process, sharing learnings and planning the next review.

At the start of each step there is a summary, which describes the step, the activities involved and the reporting outputs.

At the end of each step there is a checklist to help the user tick off whether everything is in place before moving to the next step.

## Establishing the Service Review – Step I

It is helpful to establish the foundations of the Service Review to ensure staff, elected members and the community understand the principles which underpin the review. The building blocks are:

- [commitment to stakeholder engagement](#);
- [commitment to continuous improvement](#);
- [a whole of organisation approach](#);
- [strong organisational support](#); and
- [understanding the resource requirements](#).

### Commitment to Stakeholder Engagement

Council needs to involve internal and external stakeholders in all Service Delivery Reviews. Not all will require external stakeholder involvement but all will require internal stakeholders at minimum.

Committing to stakeholder engagement is about working with a broad range of government, business and community stakeholders to determine preferred futures and facilitating shared decisions and joint actions to achieve agreed outcomes. These outcomes include safeguarding the quality of local environment and decisions about how communities are to access the services they need. For service delivery, this means involving the community in making decisions about services, services levels, how the service is provided, and how the annual budget is allocated to specific services.

External stakeholders should be involved in decisions about changes to service delivery which might affect them. Internal stakeholders should be involved in decisions about process and organisational changes which might affect them. Internal stakeholders are also a great source of knowledge about what might work more efficiently or effectively.

A commitment to engagement requires a formal communications strategy. This is covered in more detail at the heading [Identify Stakeholders](#) below.

### Commitment to continuous improvement

A commitment to continuous improvement demonstrates an ongoing effort to change services or processes for the better and is a key driver for service delivery reviews. Continuous improvement needs to be part of Council's culture in order to produce incremental improvements or more substantial one-off change. In order to achieve continuous improvements, Council needs:

- an improvement framework;
- and improvement process;

- improvement methods and tools;
- a performance measurement system; and
- a culture of improvement.

Council will look to use one of the following frameworks into the future to allow for a formal improvement framework:

- Australian Business Excellence Framework;
- Balanced Scorecard;
- Six Sigma / Lean Six Sigma;
- Investors in People; or
- Human Synergistics

Even without implementing one of the above methodologies, Council may still document how services are delivered as a starting point to determining what might be done differently.

### A whole of organisation approach

Although Council is undertaking individual services delivery reviews, because of the integrated nature of many services (especially in regard to staff, processes and budgets), taking a ‘whole of organisation’ approach from the start will deliver better results. A whole of organisation approach will ensure the net cost is calculated for each service upfront, and will help identify areas to focus on, either in terms of quick wins or priority need.

Taking a whole of organisation approach also embeds a culture of continuous improvement across the organisation, and staff and elected members will start to think more broadly about efficiency and effectiveness rather than looking at individual services in isolation.

### Strong organisational support

Organisational support must come from:

- **Chief Executive Officer and Directors** – who often drive reviews as they typically manage the long-term financial, environmental and social performance of Council and need to ensure appropriate services are planned and delivered in an efficient and effective manner. The Executive Leadership Team are the review champions and their support will be vital for proper planning and resourcing.
- **The Mayor and Councillors** – who often instigate reviews and get involved in planning, setting priorities, approving budgets and acting as change agents.



## Understanding the resource requirements

Service delivery reviews can be resource intensive in terms of staff time and budget. This is why Council may at time choose to hire external experts to assist with or perform the review. However, the advantages of conducting in-house reviews are:

- It involves fewer direct costs than engaging external experts.
- Staff have a deep understanding of current processes and can provide suggestions for improvements.
- Knowledge gained in the process is kept in-house.
- Staff take greater ownership of results and recommendations.
- Change is more likely to 'stick'.
- The review process develops a culture of continuous improvement.

With in-house reviews, staff are asked to be aware that:

- vested interests may lead to a lack of objectivity and independence;
- staff may be diverted from their usual duties;
- it may be hard to set up review teams across departments; and
- Council may miss out on specialist knowledge and tools from external experts.

Resourcing is also not just about undertaking the review. It is about analysing the results, making recommendations and being able to implement changes, either in a staffing, process or financial sense. Given the extended timeframes of some review processes, resources have to be allocated over the short and longer terms for effective change to occur.

Checklist – Step 1	✓
Are we committed to stakeholder engagement?	
Do we have existing systems, or can we implement new systems, to drive continuous improvement?	
Are we taking a whole of organisation approach?	
Is there strong organisational support?	
Do we understand the short and long-term resource requirements?	
Are we ready to start the service delivery review?	

## Project Set Up – Step 2

When ready, the Service Review team can move the project to commencement. As part of Council's project management process for Service Reviews, the Executive Management Team expect to see the following information provided to them before the Service Review is commenced:

- the [guiding principles](#);
- [objectives, scope and allocation of resources](#);
- [review team and structure](#);
- [identification of stakeholders](#);
- [draft evaluation framework](#);
- [create templates and tools](#); and
- [draft project plan](#).

### Guiding Principles

The Review Team should establish a set of principles to underpin the review and consideration of these principles is likely to be partly informed by the discussion of establishing the service review above. Guiding principles may also be similar to existing principles such as those set out in Council's strategic planning documents. They might include one or more of:

- engaging and consulting with a wide range of stakeholders throughout the review;
- responding to the needs and wants of both the current and future community;
- being transparent with all stakeholders about the proposed outcomes;
- focusing not just on economy and efficiency but also effective provision of services;
- setting targets for quality and costs and benchmarking these against other organisations or standard; and / or
- measuring and reporting regularly

### Objectives, Scope and Allocation of Resources

The Service Review Team should also determine the review objectives, in conjunction with a range of key stakeholders, so everyone is clear about the purpose and potential outcomes. A workshop can help define the objectives, the guiding principles and the drivers behind the review.

Potential objectives could be (but are not limited to):

- gain a better understanding of what the community wants/expects;
- reduce or increase the range of services;
- improve the quality of some or all services'

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- make savings;
- generate income;
- respond to the challenges of climate change; and / or
- explore opportunities to provide services in partnership with other organisations.

The objectives may then be used consistently in all messaging with stakeholders. The objectives will also determine the scope of the review, such as whether Council should:

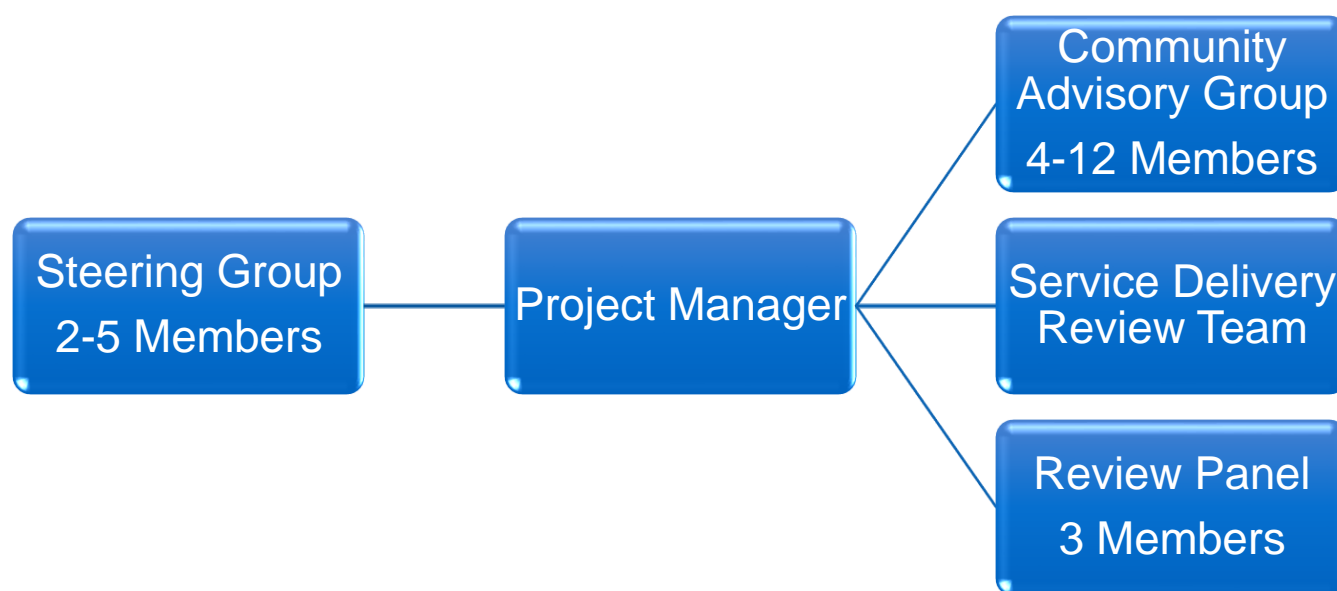
- take a 'whole of organisation' approach;
- focus on specific services over others;
- explore different opportunities;
- not review some areas;
- include services which extend over a range of function;
- pilot a review first before rolling out a more extensive review; and / or
- reuse existing information on community needs, processes or policies.

Scoping can also help identify potential priority areas for review such as services where quick wins may be made, or where there is a clear need for change. Setting [service delivery review priorities](#) is discussed in more detail below.

In addition to setting objectives and examining the scope of the review, the Service Review Team should determine what resources are required in terms of staff, budget, time and / or office space. These resources requests are to then be taken to the Executive Leadership Team for review and approval. Formal approval will demonstrate strong organisational support for the Service Review.

## Review Team and Structure

It is preferred Service Delivery Reviews are conducted in-house, using existing staff where possible. Conducting in-house reviews brings knowledge into the process, builds organisational capacity and helps make implementation more effective. Where a consultant is preferred to undertake a Service Delivery Review.



**Figure 1: Example review structure**

The team structure and roles will differ depending on the Service to be reviewed. It is always important to remember the Executive Leadership Team have the overall responsibility for decision-making. Separating the review and decisions in this way ensures stakeholders are engaged and communication is open and transparent.

If external experts are engaged to conduct the review, a minimum of the manager of the Service, a person appointed as the Project Manager should be included in the Review Team.

### **Steering Group**

The Executive Leadership Team provides overall direction and leadership for each review, approves priorities and schedules, gives strategic input, and endorses recommendations and final reports.

The Steering Group reviews risks and outcomes (for individual services and across the whole organisation) based on the evaluation framework outlined above.

It is possible an Elected Member, a member of the Executive Leadership Team, a community representative and senior staff from core services such as HR, corporate planning, finance and asset management be included on the Steering Group for some Service Delivery Reviews.

The steering group should be led by a Director who is responsible for ensuring key stakeholders (especially Elected Members) are engaged and involved in making decisions about any suggested changes to services. The Director is also responsible for ensuring sufficient resources are allocated to the review and that the review progresses as planned and within budget.

The steering group should also be clear on what information it needs to make decisions and when this information is needed. These details should be recorded in the [project plan](#).

### **Project Manager**

The project manager co-ordinates the Service Delivery Review across the organisation and:

- schedules the review in accordance with the priorities set by the steering group;
- sets up the Service Delivery Review Team;
- provides guidance and support for the service delivery review team;
- checks service delivery review reports; and
- monitors and reports on progress.

The project manager will generally be a Director or Manager.

### **Service Delivery Review Team**

The Service Delivery Review Team will consist of the staff who will conduct the Service Delivery Review. The team is required to engage with stakeholders, gather relevant information, benchmark and analyse options, and prepare recommendations. The team will also investigate ideas and issues as they arise. A team may review one or more services and will work closely with the service owner to conduct the review.

There are various forms of service delivery teams. They include:

- **One team which reviews all services:** This approach ensures consistency of method and efficient use of resources but requires a high level of commitment from the team and the outcomes may be less well received if the team is not involved in the delivery of the service being reviewed.
- **Line managers and their existing teams:** This approach can be effective but lacks independence and objectivity because the members of the review cover their areas of responsibility.
- **Cross-organisation teams** This approach achieves greater staff involvement and ownership but can be more difficult to co-ordinate and requires a higher commitment to capacity building.

Each service delivery review team must have a leader who organizes resources and administrative support, schedules and runs team meetings, ensures effective staff communication and prepares reports.

#### **Review panel**

The review panel will generally be the ELT to bring independence and help to ensure a consistent approach across service delivery reviews. The panel analyses the information from the service delivery review team and identifies other options and opportunities for improvement. The review panel can be:

- **Internal** – generally the ELT
- **External** – engaged from outside the organisation to provide a different perspective, for example staff from another organisation or Council's Audit, Risk and Improvement Committee.

It is important to have an independent check and balance as part of the review process.

#### **Community Advisory Group**

Community advisory groups are often part of Council processes. They provide useful input into a range of projects and, like a review plane, can be an independent check. For a Service Delivery Review, this group would provide input into the types and levels of services required, review and provide feedback on recommendations and comment on draft reports.

The community advisory group may also:

- attend information sessions to get up to speed on the services delivered;
- undertake site visits for a first-hand view of certain services; and / or
- participate in strategic workshops and online forums to broadly consider services, the community's needs and opportunities for cost savings and income generation.

A community advisory group can be a relatively inexpensive way to test ideas and involved the community in decision-making, especially when resources are limited.

#### **Stakeholder Identification**

Internal and external stakeholders should be involved throughout the review to provide information, analyse data, make decisions and evaluate success. Key stakeholders include Elected Members, staff, the community, current service providers and other organisations.

The starting point is to identify all the stakeholders and draft a plan to engage them. The [Communications Plan](#) may take the form of a spreadsheet or diagram listing the stakeholders, their roles and point at which they will be engaged. Alternatively the Communications Plan may be a more formal document as outlined in [Appendix A](#), depending on the type of review. A formal Communications Plan will always be required for a [Detailed](#) Service Delivery Review, whilst both the [Simple](#) and [High Level](#) Review Types will generally require only a simple spreadsheet or diagram as noted above.

Effective engagement provides the evidence base for decision making and helps the review to:

- understand stakeholders and their priorities;
- scope and identify service requirements;
- test new ideas and strategies;
- set long-term priorities and resource allocation; and
- measure service user satisfaction.

The form of engagement will depend on the information required.

The steering group should detail when and how the various stakeholders will participate in the review and what information will be shared with whom, how the information will be shared, and at what point in the process. The Service Delivery Review Team should run the participation activities and record the outcomes to provide a valuable information source.

### **Elected Members**

As instigators or endorses of some reviews, Elected Members can provide important information into scoping, community views, and decision making. They can also review recommendations and implementation of change. Holding workshops and feedback sessions with Elected Members at key points during the review helps identify opportunities, assess alternative options and helps the review team to understand what elected members might support in terms of changed service levels.

### **Staff**

Whether reviews are conducted internally or by external experts, staff are often taken away from their normal tasks and asked to take on the roles and responsibilities required of the review. Managers should consider:

- whether individual staff are comfortable taking on different roles;
- the supports that will be required to ensure the review can be completed successfully;
- whether all staff have a clear understanding of the structure, roles and responsibilities of the Service Delivery Review Team; and
- an potential changes to performance measurement and assessment that may result from the Service Delivery Review.

Effective staff engagement gains support for the review, builds trust and ensures effective participation. Methods of engagement will depend on the number of staff involved with each particular review. For a 'whole of organisation' review, having a workforce engagement team, including staff from HR to help with internal communications will be most effective.

One of the initial tasks for the steering committee is to address any concerns staff may have about the impact to their jobs. For example, whilst it is not the intention to alter the structure of

Council through these reviews, it is possible. The Award guarantees no forced redundancies. Staff union representatives should be briefed throughout any review that is likely to significantly impact any employees as soon as any such changes are identified.

It is important to highlight to key internal staff who have specific expertise, or an interest in a particular service. The people on the ground doing the job are one of the best sources for ideas regarding improvement.

### **Community**

Knowing the community's needs and wants is a prerequisite to service provision. A community includes individuals, community groups and businesses who are locals or who live outside the area but use Council services or own property in the area. The needs of underrepresented and hard to reach people should be included, as well as potential needs of future communities.

Understanding the community is also about evaluating whether the community has sufficient capacity to understand and articulate what services it needs. It may be not all communities or community members understand the range and levels of services provided. It is therefore possible they may not be in a position to be able to think about the future, and so the community may require some initial additional information, knowledge and training to be able to contribute effectively.

Service delivery reviews should involve the community in making decisions about services, service levels, how the service is provided and how the annual budget is allocated to specific services. It requires Council to work with a broad range of community (and other) stakeholders to determine preferred futures and to facilitate shared decisions and joint actions to achieve agreed outcomes. Considerations should include the quality of the local environment and how communities access the services they need.

Council will have already undertaken some community engagement particularly concerning the Community Strategic Plan and the Local Environment Plan. It is important to find out whether there is sufficient information about community needs and wants and their expectations of service quality and range discussed in these strategic documents. Start with establishing what is already known and double check the information is still relevant. Cross checking ensures knowledge about the community is up to date and any assumptions are tested.

### **Current Service Providers**

Current service providers should be engaged so they:

- are aware a review is being planned;
- can respond effectively to suggested changes;
- can provide their views of whether their service is valued by the community; and



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- have an opportunity to provide input where required.

### Other Organisations

Engage with other organisations that may:

- **be a source of inspiration and information** – some local governments have already completed service delivery reviews and published their processes and results online. Researching these could help tailor the approach.
- **offer similar services** – they may be keen to partner on service provision using a '[shared services](#)' model.

## Draft Evaluation Framework

Evaluation is an integral part of service delivery reviews and the review team should try to use standard evaluation frameworks to monitor projects and assess their success.

### What is an evaluation?

Evaluation is the systematic, planned collection of information about the activities and outcomes of a service delivery review to:

- track progress;
- make judgements and decisions; and
- improve effectiveness

### What is the purpose of an evaluation?

Evaluation is important to:

- inform planning, implementation and future directions for service delivery reviews as part of continuous improvement;
- engage stakeholders;
- judge the benefit or value of change (especially whose benefit or value);
- improve the way current reviews or future reviews are conducted
- generate knowledge/understanding internally, within the community and among other stakeholders; and
- report to key internal or external stakeholders, such as Elected Members, to gain support.

#### **What should be evaluated?**

Council should evaluate each individual service delivery review (or at least a sample) and the review process as a whole. The steering group should be actively involved in evaluation.

Since reviews can be resource intensive and the recommendations far-reaching, Council needs to be sure the review process is effective and efficient and any changes to services or levels of service result in the objectives being achieved. Depending on the focus of the whole or individual service delivery reviews, evaluations should cover:

- *appropriateness* (Does the review make sense?)
  - Does the review address the right issues, and is there a need for the review?
  - Do the objectives / outcomes of the review directly address the need?
- *effectiveness* (Did it work?)
  - Did the review achieve the desired objectives / outcomes?
- *Efficiency* (Was it cost effective?)
  - Could the review have made better use of resources?
- *Process* (Was it well managed?)
  - Did the decision making and project management process deliver the objectives / outcomes?

#### **Tools for evaluation**

Using an evaluation framework and referring back to it at the end of each step ensures the review stays on track and that resources contribute to the review objectives. The review team should create an evaluation framework (or something similar) for individual service delivery reviews and for the whole project, and in collaboration with key stakeholders.

An example of an Evaluation Framework is included at [Appendix A](#).

#### **Create Templates and Tools**

Service delivery reviews create a huge amount of information, so good record keeping is vital. Each review team should tailor templates and tools to use in the review. In addition, a dictionary or list of terms and assumptions may be useful so that both internal and external stakeholders understand the terminology used in the review. As noted throughout this guideline, potential templates and tools are in [Appendix A](#).

## Draft Project Plan

There should now be sufficient information to develop a project plan. A Project Plan template is included at [Appendix A](#).

A project plan should provide internal and external stakeholders with details about:

- the type of review being undertaken and why;
- background to the review;
- objectives and scope of the review;
- timing, key milestones and length of review;
- team structure, resource requirements and resource allocation;
- details of stakeholders; and
- evaluation framework.

The project plan is a working document which should be reviewed regularly and revised if necessary, particularly after appropriate information has been gathered, the current services and levels of service are known and priorities for reviews have been discussed. The project plan can be documented as a stand-alone two- to four-page report or in sections in the steering group minutes.

Checklist – Step 2	✓
Do we have a set of guiding principles for service delivery?	
Are we clear about the objectives, scope and resources needed for the review?	
Have we set up the right team structure with defined roles and responsibilities?	
Have we set a review timetable and key milestones?	
Have we identified our stakeholders and drafted a plan to engage and communicate with them?	
Do we have an evaluation framework and good reporting processes?	
Do we have a selection of templates/tools to use?	
Have we drafted a project plan?	

## Gather Existing Information – Step 3

Each Directorate will be responsible for developing the overarching service review plan for that directorate.

Information gathering needs to be both systemic and thorough as it is the backbone of the whole review. Do not underestimate the time it will take to first develop a format to record service information and then gather the information required from a range of sources if it is not already readily available.

Sometimes, sourcing the information takes a couple of iterations. Time spent getting this step right is a good investment for the rest of the process. As far as possible, adapt existing service information for the review.

At the end of this part, the service review team will have a list of services and sub-services and they will have gathered key pieces of information about them. There are several parts to this step:

- design a [service statement template](#) to record information;
- clearly [identify the services](#) and all associated sub-services;
- [gather and record information about the service](#) and sub-services
- [gather and record other information](#);
- [finalise the service statements](#) for the service being reviewed; and
- [Set service delivery review priorities](#).

### Design a service statement template

If the service is not already documented in detail, develop a template to record:

- the service category and name;
- key department with the main responsibility for delivering the service;
- key person responsible for delivery;
- details of what the service does;
- how the service links into the Community Strategic Plan;
- whether it is an internal or external service;
- whether it is a legislated service and the relevant legislation; and
- the sub-services.

For each sub-service the template is used to record:

- the outputs;
- the service standard;
- the community's view of the quality and importance of the service (if known);

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- income/expenditure;
- net cost of the sub-service;
- the ratio of fixed costs to variable costs for the service;
- staff (full-time equivalents) involved in delivering the service; and
- any key issues for the sub-service.

Each service statement should be concise (up to three pages long) with the key audience being elected members and the community. Each statement should be easy to follow and not full of so much information that it is unwieldy.

A service statement template is included in [Appendix A](#).

### Identify the services and sub-services

Next, the review team will need to clearly define the service and sub-services delivered.

It is important to ensure the definition of each service is described based on how they are experienced by the community, and then link the service back to the key strategic directions of Council.

An example of aligning services and strategic direction is provided below.

*Strategic Objective 3.2 – Support community engagement through life-long learning, culture and recreation*

#### *3.2.1 Provide opportunities for life-long learning, cultural expression and recreation*

Service – Library services

Sub-service 1 – General public learning resources

Sub-service 2 – Primary and secondary study support programs

Sub-service 3 – Community information programs

Sub-service 4 – Holiday activity programs

When completed, the service set should detail the key strategic directions from Council's CSP with the corresponding services (about 30–35), each of which will have four to five sub-services. Grouping services creates a manageable framework for ongoing review and improvement. The process outlined above may take several iterations until all the services and sub-services are described from the community's point of view and correctly categorised.

## Gather and record information about the services and sub-services

Gathering specific information about each service and its associated sub-services requires working closely with other departments, especially the finance department. For example, the development application service initial interaction may be delivered to the customer via the front office customer service desk but also via the planners in the back office. Collaboration between departments is therefore vital to ensure the right information is recorded.

All information should be recorded on the service statement.

Much of the data will probably be readily available, but the following sections provide guidance on how to source some of the potentially more challenging pieces of information.

### Outputs and service standards

For each service/sub-service it is important to record the scale of the activities in terms of outputs and the service standards. The starting point for this information might be the service owner's best understanding of the service, or it may be a level of service provision agreed between council staff and elected members, or by council staff, informed by consultation with the community.

Also record (where the information is available, for example, from recent survey results) the community's views on the quality and importance of the service (see also [Existing Stakeholder Views](#)).

### Net cost of service

The net cost of service is the difference between all revenue and all expenditure for a service in a financial year, including capital revenue and expenditure. The key focus of the service statement is the financial status of each service in terms of income, expenditure and net cost of service. This focus is important because it:

- provides information on how resources are allocated;
- helps determine what the council can do more of or less of; and
- helps the council in its decision-making with the community i.e. providing more of a particular service may require more money. If funding is limited, this might mean taking away from funds allocated to another service.

The finance department plays a key role in capturing and providing this information and extracting data from the financial management system. It is therefore a good approach to engage finance staff from the start of the review process.

#### Calculating net cost of service

Net cost of service = Income from running a service (capital and operating) – expenditure to run the service (capital and operating and the allocation of costs of internal services as far as possible)

Calculating the expenditure required to run the service is relatively easy, but deciding how much of the overheads for functions such as IT, HR, finance and legal advice should be allocated to a particular service may be more complicated. Council may move to allocate the costs of internal services on an agreed basis or ignore them if the impact of the costs of internal services is too small to make a difference. Including the elected members and/or the community in these decisions may be valuable.

Where overheads are allocated, the basis for allocation should be documented and the formulae recorded in the finance system. Recording in this way helps when revisiting the basis for allocations in the future.

Working out the net cost for each service/sub-service may take a few iterations but this part of data gathering is vital as a starting point for decision-making. Importantly, it can help staff and elected members understand the true cost of services as well as the funding allocations.

#### **Fixed and variable costs**

If the key reason for the service delivery review is to test the appropriateness of current service levels, it is vital to understand the financial implications of increasing or decreasing them. To understand current service levels with sufficient accuracy, it is important to understand the fixed to variable cost ratio for each service/subservice. This knowledge provides the necessary confidence to have informed and useful discussions with elected members and the community about service levels and service trade-offs.

For example, the net cost of providing a program of seniors' technology activities in a Council owned library would if a true costing approach is used, include a proportion of overheads such as electricity, general facility maintenance, depreciation (building, plant and equipment) and other managerial and administrative costs. If this service was to be discontinued, these overhead costs would be unlikely to change significantly. There may be some variable costs which solely relate to the program such as the additional labour costs of an instructor.

#### Existing stakeholder views

As discussed in [Identifying Services and Sub-services](#) above, services should always be considered from the point of view of the customer or community. The review team should therefore:

- gather and record existing background information about stakeholder views of services from places such as local government papers, staff, previous engagement processes, service providers, other organisations and elected members; and
- identify key issues early on and develop response strategies.

Council may already have a lot of information about stakeholders and how they view the service provision from other processes such as strategic planning, community engagement or community satisfaction surveys. Speak to other staff members to find out what is available and reuse the data where relevant.

#### Identify the existing levels of service

It is believed Council has at times provided services with no formal understanding or agreement (internally or externally) of the levels of service required. The existing levels of service for each service should be documented, even if they are not all agreed or approved.

Then, as part of Steps 4 and 5, Council may adjust, where necessary, the levels of service. Those linked to legislative requirements or strategic objectives are generally easier to identify and define. Those linked to community expectations require engagement and consultation with the community.

The existing and future levels of service may depend on:

- **legislative requirements** – knowing what is mandated and thinking about what might have to be provided in the future;
- **strategic objectives** – knowing organisational priorities and linking existing and future levels of services to strategic directions, asset planning and risk management; and / or
- **community demographics and expectations** – knowing the community and understanding what it needs now and in the future.

In addition, collate information about whether existing requirements of service levels are being met by Council.



## Gather and Record Other Information

Other types of information may be relevant for the service delivery review and should be gathered and stored in a structured way. Examples of the types of information could include:

- the type of assets used to provide the service;
- the value (depreciated and replacement) of these assets;
- details of how service levels are currently set; and
- the impact of climate change on the service.

Even though the exact depth and breadth of data required to review a service will vary, some information is likely to be common to most reviews.

A template for gathering data (with explanatory notes) is provided in Appendix A.

## Finalise the Service Statements

The service statements become the ‘source of truth’. They can be used at various stages in the review, for example to:

- highlight to elected members where there are differences between community expectations and actual levels of service;
- help the steering committee review where staff or budget resources are allocated; and
- identify where a service has a particularly high/low fixed/variable cost.

The check and balance at the end of this process is that when all the net costs for services are added up (plus any unallocated costs of internal services), in conjunction with the net costs for special projects, they equal the Council’s total surplus or deficit for the year. This can be the budgeted surplus or deficit, or the actual amount.

The service statements then become a set of foundation documents which can be readily reviewed each year as part of the planning and delivery process.

## Set Service Delivery Review Priorities

Council may not have sufficient resources (especially staff) to conduct a service delivery review for all services and may need to decide which services to review first and set the timeframe for reviewing the others. Prioritisation helps with scheduling and resource use and should be determined by the steering group in consultation with the departmental managers.

In addition, some Departments may feel more comfortable starting with a review of a few services to trial their templates and approach before rolling out the service delivery review more broadly.

One simple method to prioritise services for review is based on the assumption that services which use a large proportion of the annual budget can potentially offer a higher proportion of

financial savings. This approach is appropriate where cost-reduction or 'quick wins' are the primary objective. Other factors to consider could include:

- services with a high proportion of staff or costs;
- where the service statements show there is a gap between satisfaction with the service and the ;
- whether the service is statutory (especially if it is non-compliant) or non-statutory;
- the impact of the service on the organisation or the community; and
- whether the service is of particular focus for elected members.

A more comprehensive approach considers a range of factors and assigns a weighting to each.

Using factors (whether weighted or not) helps identify which services should be prioritised and included in a report for review by the steering group. This report summarises what services are being provided, what resources are being used to provide them, what stakeholders think and an assessment of the review priorities.

Council has undertaken a preliminary review of Services and Sub-services and these are provided in [Appendix B](#). These reviews have been used to determine which of Council's services will be reviewed in the 2022-2023 financial year. It should be noted, these may change as reviews are undertaken as they are subject to the understanding of officers and if new services are identified or developed by Council

Checklist – Step 3	✓
Do we have an agreed set of services and sub-services?	
Have we gathered and recorded enough detailed information about them?	
Do we understand the current levels of service?	
Are the service statements complete?	
Have we set priority services for review?	
Have we finalised the project plan?	

## Analyse Services – Step 4

Ideas for improvement and change start to emerge during the information gathering phase. Then they become more concrete with further analysis. This step uses the information gathered in Step 3 to analyse each service in order to suggest changes and improvements consistent with the overall objectives (see [Agree objectives, scope and allocate resources](#) above). The options for change are then tested in consultation with stakeholders in [Step 5](#) before a final review by the steering group.

During this step it is important to identify not only the possible benefits of changes and improvements but also the risks. As such, part of the analysis phase involves an initial risk assessment of proposed changes.

Any analysis is likely to reveal a need to gather further data. Typically, the review process loops around Steps 3, 4 and 5.

There are a number of parts to this step:

- decide [when to analyse each service](#);
- decide [how to analyse](#);
- [perform initial risk assessment](#); and
- [summarise the results](#).

### Decide when to Analyse each Service

Before starting any specific analysis, it is important to spend time planning the order of analysis to ensure an efficient review process. The rule-of-thumb for the order of analysis is *most profound to least profound* in terms of potential degree of change. For example, if during the information gathering phase it is clear a major decrease in service level could be an option, this option should be analysed first before examining less significant matters. Other examples of significant change could include consideration of a different service delivery model such as outsourcing or consolidating the service with one or more similar services.

### Decide how to Analyse

There are a variety of different types of analysis. The type of analysis used will depend on the type and scale of service being reviewed, and each service will require a different approach. For example, an analysis of asset utilisation may be relevant when reviewing an infrastructure maintenance service because of the significant plant and equipment required. However, asset utilisation may be less relevant when reviewing a more labour-intensive service such as economic development.

There are various approaches to analysis which are shown below and described in more detail in [Appendix C](#). They are:

- levels of service;
- service delivery models;
- service consolidation;
- financial analysis;
- asset utilisation;
- procurement processes;
- labour provisions;
- scenario analysis;
- governance, process and technology;
- benchmarking;
- funding arrangements; and
- climate change risk.

### Perform Initial Risk Assessment

When considering which services or levels of service could be changed, the Service Review Team should also think about the associated political, financial, environmental or social risks. In addition, the longer term consequences for strategic planning should also be considered. This initial risk assessment may influence the decision-making process and should be [finalised after](#) stakeholder engagement.

Key questions about risks, some of which apply only to external services, are shown below.

Type of Risk	Questions
Staff	<p>What is the likely reaction from staff?</p> <p>What is the likelihood of low levels of staff engagement or contribution?</p> <p>Do the staff assigned to conducting the reviews have the necessary workload capacity and skill levels?</p> <p>How do others view these staff?</p> <p>Are senior people able to lead staff through change?</p> <p>Council changes in staff positions lead to industrial relations issues?</p>
Elected members	<p>Do the elected members need support to analyse the information arising from the review process?</p> <p>Do they understand the benefits of continuous improvement and change?</p> <p>Are the committed to and / or driving change?</p> <p>How can they best support the community through the changes to service provision?</p>
Community	<p>How are the proposed changes likely to affect the community?</p> <p>Does the community have the capacity to understand and communicate their needs as they relate to service delivery functions and / or service delivery levels?</p> <p>What is the likelihood of low levels of community engagement in the service delivery review process?</p> <p>Will the community have to pay more and what could be the reaction to this?</p> <p>What will the community reaction be to a change in level of service?</p>

Type of Risk	Questions
Asset management	<p>Could there be changes in asset usage?</p> <p>Will the Council need to dispose of assets?</p> <p>Are the future asset requirements known?</p> <p>Do the right asset management skills exist?</p>
Environment	<p>What could be the effect on the environment?</p> <p>Are the potential effects in line with environmental planning?</p>
Financial	<p>What could the financial implications be?</p> <p>Does Council have the necessary funds to pay for the changes?</p> <p>Is external expertise required?</p> <p>Is there capability to negotiate with third parties on alternative service provision?</p> <p>Where could the required funds come from if the review highlights services which need extra resources?</p>
Systems	<p>Can current technology provide the appropriate data and analytical capability?</p> <p>How easy is it to change the system?</p> <p>Can staff get the best out of our technology?</p> <p>How easy is it to change the documentation of the services provided?</p> <p>What could be the effects on other support functions?</p>
Regulatory	<p>Can our statutory or regulatory requirements still be met?</p> <p>Will there be any changes to the regulatory environment in the future which might impact on decision-making?</p> <p>Are there any legislative or best practice approaches to service delivery which may influence the changes recommended?</p>

## Summarise the Results

The results of the analysis should be documented and tested using the review process established in [Step 2](#). The reviewers should challenge the evidence, assumptions and conclusions and ensure the options for change are relevant and appropriate and will meet the review objectives.

The information on each service should be collated and summarised in a format which helps identify the key opportunities for change, such as process efficiencies, cost savings and income generation.

The summary of change/improvement options can help reveal what changes could be made and identify if there are any knowledge gaps. The summary could include:

- the service/sub-service name;
- changes/improvements suggested;
- financial/community/environmental benefits;
- staff impacts;
- comparison to benchmarks;
- risks;
- barriers to change; and
- ease of implementation.

The steering committee should endorse the summary of change/improvement options before engaging stakeholders in the next step.

Checklist – Step 4	✓
Have we examined the impact of changed service levels where relevant?	
Have we looked at options for using other service delivery models?	
Have we examined possibilities for service consolidation?	
Have we used other analyses where relevant (financial, asset utilisation, procurement processes, labour provisions, governance/process/technology and benchmarking)?	
Have we identified any opportunities to change the funding arrangements?	
Have we done an initial assessment of all potential risks?	
Have the results of the analysis been reviewed and challenged?	
Do we have all the information we need?	
Have we summarized the results of the analysis and formulated options for change/improvement for the steering group to consider?	



## Engage Stakeholders – Step 5

Once Step 4 is completed, the Service Review Team will be in a position to confidently identify options for change, aligned with the objectives of the review, as a basis for stakeholder engagement. Step 5 includes:

- [document change options](#);
- [engage and seek feedback](#) from stakeholders;
- [test options](#) with stakeholders; and
- produce a [final recommendations plan and risk assessment](#).

### Document Change Options

Using the information contained in the summary report from Step 4, a clear and concise document which details the draft recommendations for change needs to be prepared for stakeholder engagement.

All stakeholders identified (see [Identify Stakeholders](#) above) should be given the opportunity to review the draft recommendations plan and give feedback, suggestions and ideas. The feedback should be assessed and the Service Review Team should communicate back to the relevant stakeholders if it makes any adjustments to the recommendations.

When developing specific engagement activities, the Service Review Team should ensure they are thoroughly planned so everyone is clear on the purpose of the activities and what information is being sought. It is also important to manage community expectations and in this context the Service Review Team should provide clear guidance in relation to the process for inputting into the review, and clear information about how inputs to the review process are considered. The Service Review Team should also explain to the community the outputs arising from the service delivery review process – particularly if it relates to a change in the mode of service delivery or a change in the service level previously established.

## Engage with Stakeholders and Seek Feedback from Them

### Internal Stakeholders

Seek feedback from key internal stakeholders such as:

- **the steering group** – the draft plan should be presented to this group, especially to get feedback on particular areas of focus, such as where services are to be reduced, spending cuts or alternative models of service provision.
- **staff from the departments/services under review** – this may include speaking at team meetings or one on one with staff members to explain the rationale for the recommendations and get feedback.
- **All staff** – a summary of the key draft recommendations should be presented to staff for information and feedback.
- **Elected members** – the draft plan should be presented to elected members. Sensitive areas or ones with high impacts for the community should be highlighted for discussion. In addition, elected members may have a different view about what needs to be provided and why. These views will usually be linked to a potential political risk or a particular viewpoint. Their knowledge and understanding of broader community views can be invaluable.

### External Stakeholders

Seek feedback from key external stakeholders such as:

- **Independent reviewers** – should challenge the assumptions and recommendations to ensure they are robust and will deliver the services required in an appropriate, effective and efficient way.
- **Current service providers** – any proposals to alter the contract terms should be discussed with service providers to establish whether they are able to make the changes required.
- **The community** – communicate the key findings of the review and the draft plan and ensure the rationale for any changes is clearly explained. Make sure there are a variety of ways for the community to provide feedback.

## Services Review

### Program Plan

Engaging the community will help reveal what the community values because it may value a variety of aspects of service delivery. Examples of differing values are outlined below.

What does the community value?	Example
Quality (high service standards)	Maintenance of parks and reserves
Low (or lowest) cost	Child care costs in line with those in similar organisations
Number of times the services is provided	Grass mowing in open spaces every week/fortnight/month
Services that save time	Being able to lodge development applications online
Streamlining / simplicity of process	Pay rates by direct debit / credit etc
Reliability	Knowing that street sweepers will clean once a week
Responsiveness	Time taken to respond to complaints about illegal dumping
Accessibility	People from CALD communities or those who have a physical or intellectual disability can access services
Sustainability	Support for composting programs
Social benefit	Events such as the annual carol service of sustainability fair.

## Test Options with Stakeholders

Where significant changes to services or levels of services are proposed, it may be useful to take the community, or the [community advisory group](#) as a proxy, through a process of deliberation to help them understand potential trade-offs.

Engaging the community in this way also builds its capacity to understand the balance between financial constraints and service provision, and what happens to the overall budget if Council 'dials up' or 'dials down' a service. Involving the community in decision-making around the recommendations may help make any changes to levels of service more acceptable.

The table below shows some examples of other questions to ask about levels of service if this information is not already known. Engaging the community with these high level questions may help reveal the potential trade-offs between levels of service and cost.

Question from Council	What this tells Council	What this means for Service Levels
What do we not do so well?	Where to improved	Provide a higher level of service
What else should we be doing? What problems are we not addressing?	What to start improving	Provide higher levels of service
What do we do well?	What to keep doing.	Provide the same level of service
What do we do that you do not value?	Where to reduce services	Provide a lower level of service
What do we do that you do not use?	What to stop doing	Provide no service

## Produce a Final Recommendations Plan and Risk Assessment

Input from stakeholders should be analysed and the draft plan adjusted accordingly. An important part of this process is to let stakeholders know whether and how their comments and suggestions were incorporated in the final plan. This is especially important with the community stakeholders.

The final recommendations plan should then be referred to the steering group for endorsement. The steering group may refer it to elected members for review and approval. The plan should then be communicated to all stakeholders. These recommendations should include an analysis which provides projects for the next one to five years for:

- process/policy/contractual changes;
- financial and resource impacts, especially where the service provider is changing;
- forecast savings;
- forecast increases or decreases in revenue;
- proposed staff changes in terms of full time equivalent positions; and
- risks and risk mitigation.

A Recommendations Plan template is included in [Appendix A](#).

When reviewing the final recommendations, the steering group should not only examine the specific recommendations but also consider the broader impacts of the changes overall. This can be done by asking some high-level key questions such as:

- Are the proposed changes consistent with the organisation's service charter and values?
- What will be the impact of the changes on the opportunity for community involvement in decisions and activities?
- What will be the impact on the community's self-reliance and resilience if most of the changes proceed?
- How much cumulative risk is involved for the Council and community when the changes are considered together?
- What will be the impact of the changes on the community's vision for where they live?
- Is there a net increase or reduction in red tape?
- How do we prepare the organisation, the workforce and service stakeholders for the changes?

## Services Review

### Program Plan

Checklist – Step 5	✓
Did we ensure all relevant stakeholders could review and comment on the options for change?	
Did the method we used to ask for feedback work?	
Have we effectively analysed all the feedback and modified the draft recommendations accordingly?	
Have we provided feedback as to whether and how stakeholder comments were incorporated into the final plan?	
Have we analysed the risks of change and identified ways to mitigate them?	
Have we produced a final recommendations plan?	
Have we included a final risk assessment in the recommendations plan?	

## Implement Change – Step 6

After the recommendations plan is finalised and communicated, the relevant Department needs to plan, carefully manage and actually implement the changes required to improve service delivery based on the agreed recommendations. This step includes:

- develop an [implementation plan](#);
- [make changes](#);
- [document the changes](#);
- [summarise the benefits realized](#); and
- [develop strategies to exit the review](#)

### Develop an Implementation Plan

All recommendations should be converted into realistic actions and detailed in an implementation plan. The implementation plan records and tracks the changes to each service. As the actions are planned and implemented progress should be reported to the steering committee.

In developing the implementation plan it is important to check whether elected members need to sign off on key changes, particularly if the changes are sensitive or require different service models and/or resources.

For each recommendation, the implementation plan should include:

- what changes to policy, process and resources are required;
- who is responsible, for example, individual managers, cross departmental teams;
- who is affected;
- costings for the changes;
- timing of changes;
- expected outcomes;
- impact on annual budgets/financial plan;
- impact on fees and charges; and
- how the changes in terms of process and outcomes will be evaluated.

Any changes to staff positions should be managed in accordance with the state award/enterprise agreement in consultation with staff union representatives/HR.

An Implementation Plan template is included in [Appendix A](#).

## Make Change

Council needs to take a structured approach to transitioning stakeholders, employees and the community from the current situation to the new situation.

To fully implement the recommendations, a major change management process may be required. In some instances, a change manager could work closely with an implementation co-ordinator to run the implementation phase. In most cases this will be the Director of the department or staff responsible for the delivery of the service who may make the changes required and report to the project team/steering committee.

Implementation activities should be prioritised based on the needs of Council and the resources available. Sometimes it is important to deliver some quick wins in the early stages of implementation to drive support for the change process and demonstrate progress. Quick wins energise staff and demonstrate the value of the process to stakeholders, especially to the community and elected members.

## Document the Changes

Any changes to services need to be documented to build organisational knowledge and ensure all staff understand the changes made. Depending on the degree of change, this documentation may include adjustments to operations manuals, service provider agreements, service standards and other organisational processes to record:

- new and changed services;
- new and changed levels of service;
- changes to existing policies and processes;
- changes to organisational structure;
- new and changed agreements with service providers; and
- new and changed relationships with other organisations.

## Summarise the Benefits Realised

Benefits to Council and the various stakeholders will be realised over time. For quick wins, there may be more or less immediate benefits, but for more involved changes, such as using an alternative delivery model to deliver a service, the benefits may take longer to realise. Where assets need to be disposed, this may take a more medium term timeframe. Either way, keeping track of the benefits realised over time is vital to ensure there is a clear link between the change and the short, medium and longer term outcomes being achieved.

Some Service Reviews may include a benefits realisation component within their project management methodology. Benefits realisation should be used as part of ongoing reporting to the steering group/council about progress. Examples of benefits/outcomes are shown in below.



Benefits	Example
Benefits to Council	<p>Operational savings e.g. procurement, plant hire, fuel use and maintenance costs</p> <p>Increased income e.g. from sewerage management, cemeteries, parking enforcement</p> <p>Increased awareness of community needs</p> <p>Alignment of service delivery with community needs</p> <p>Higher levels of ongoing staff participation</p> <p>Increase financial stability</p> <p>Strengthening a culture of continuous improvement</p> <p>Better cross-department co-operation</p> <p>Links with other organisations for benchmarking and sharing information and services</p> <p>Definition of an evidence based continuous improvement framework</p> <p>Improved public perception and reputation by demonstrating strong governance and efficient management</p> <p>Better defined services and service levels</p> <p>Increase focus on core business</p>
Benefits to service providers	<p>Commercial partnerships formed with other organisations</p> <p>Better understanding of what the community wants</p>
Benefits to the community	<p>Greater understanding of how services are provided</p> <p>Higher levels of customer service</p> <p>Improved quality of services</p> <p>Improved customer satisfaction</p>

## Develop Strategies to Exit the Review

At the end of the change process there needs to be a clear strategy to exit the review and return to a new business-as-usual phase. Formally exiting the service delivery review sends a strong message to both internal and external stakeholders that the review has been completed and the relevant changes made. Formal exit is especially important for staff to reduce any further uncertainty and to allow them to return to their 'normal' or changed roles. It is also important for the community when there has been significant change to service delivery.

Checklist – Step 6	✓
Did we develop a detailed implementation plan?	
Have we allocated staff and other resources to make change?	
Have we documented the new and changed process?	
Are we keeping stakeholders informed of progress?	
Are we keeping track of the benefits as they are realized over time?	
Have we developed an exit strategy for the review?	

# Evaluate and Drive Continuous Improvement – Step 7

The Service Review Team should evaluate and communicate how effective the review was – that is, whether it achieved its objectives, and how efficient the process was in its use of available resources. In addition, service delivery reviews should be incorporated into ongoing operations with a commitment to reviewing services on a regular basis.

This section covers how to:

- [evaluate](#) the review process and the changes;
- [report outcomes](#) and share key learnings;
- drive [continuous improvement](#); and
- [plan the next review](#)

## Evaluation of Review and Change Process

The Service Review Team should use the evaluation framework ([Appendix A](#)) to determine whether the service delivery review process was effective and efficient, and whether it achieved the project outcomes. Evaluation should occur at two levels:

- for each individual service delivery reviews (or at least a sample of them); and
- for the whole service delivery review at the end of the project.

### Evaluate Individual Service Reviews

Evaluating individual services as the whole of organisation review progresses will help inform future reviews and allow the service delivery review teams to adjust their methodologies where appropriate. Not all service delivery reviews need to be evaluated but those which focus on areas of large expenditure, high capital costs or are important to stakeholders should be a priority.

The steering group should review the findings from the evaluation.

### Evaluate Whole Review

At the end of the service delivery review project the whole review process should be evaluated, with a focus on:

- how effective the changes have been at delivering expected outcomes;
- how effective the process of change has been;
- how well the objectives of the review were met; and
- how key stakeholders view the process of change and the changes implemented.

Depending on the [benefit realisation](#) period there may be a delay in achieving some outcomes and this should be recognised.

The outcomes from the evaluation should be summarised in a separate section in the final [service delivery review report](#).

## Report Outcomes and Share Key Learnings

Reporting outcomes and sharing learnings engages stakeholders, sustains the outcomes of the change and gets people involved in the debate about what constitutes an effective service delivery review.

The Service Review Team should ask key questions such as:

- How can our experiences best be documented and shared to ensure we continue to engage with stakeholders during the service delivery review and at the end of the review?
- What is the most appropriate and effective way of remaining engaged?
- How can our service delivery review contribute to those planned at other organisations?

## Report Results to Stakeholders

The purpose of reporting is to communicate with stakeholders about the outcomes and benefits (immediate and longer term) achieved as a result of the service delivery review. The Service Review Team should prepare a service delivery review report which can be a stand-alone document or included as a section in Council's annual report.

A Service Delivery Review Report template is included at [Appendix A](#).

In addition to including a summary of the evaluation, the service delivery review report should include:

- **an executive summary** – key changes made, benefits and outcomes from the review;
- **background** – the [objectives, scope and resourcing](#);
- **the review process** – the process of information [gathering](#) and [analysis](#);
- **recommendations** – what the [recommendations](#) were and why;
- **implementation of change** – how and what [change](#) was made;
- **evaluation of change** – evaluation of the process of change as well as the [outcomes](#);
- **conclusions** – summary of benefits and outcomes; and
- **recommendations for the future** – how the review experience can help others.

The service delivery review report can also be circulated in other internal and external communications such as summary documents, web content, community newsletters, media releases, local radio releases, presentations and conference papers.

## Services Review

### Program Plan

#### Share Learnings

Although every Council is different, sharing experiences:

- ensures other individuals and Council can benefit from other service delivery ;
- broadens the discussion with other Council about what constitutes an effective review process and builds evidence-based change; and
- promotes debate and reflection which is informed by evidence and improved professional practice, supports other organisations and provides an opportunity for networking.

#### Knowledge Management

In addition to ensuring the service delivery review contributes to organisational knowledge, Council should also consider using various forums to share and promote their experiences, for example:

- the Local Government and Municipal (LGAM) Knowledge Base. See: [lgam.wikidot.com](http://lgam.wikidot.com);
- the relevant state-based local government managers' member services, conferences, training and excellence awards;
- the Local Government Professionals; and
- any other Local Government collaborations such as RAMJO.

## Drive Continuous Improvement

The first service delivery review is resource heavy but this means that for subsequent reviews, the bulk of the work needed to identify services and sub-services, determine service levels and cost them has already been done. Subsequent effort can be targeted at updating and confirming, rather than establishing, the service information. Also, any large scale changes will (hopefully) have been implemented and staff capacity will have been built to plan and run the review.

Service delivery reviews should then be incorporated into Council's continuous review cycle, rather than being a stand-alone project. Service delivery reviews will then form part of the Integrated Planning and Reporting framework and also the ongoing annual review of operations, delivery programs, financial and asset management plans.

## Plan the Next Review

As with any continuous improvement process, service delivery reviews are iterative, so after completing one review cycle, the next one should be planned. It is anticipated Council will review all their services over a five-year timeframe, unless a sooner timeframe is required due to changes in:

- financial, environmental, social or governance pressures;
- community characteristics; and
- community needs and wants.

## Services Review

### Program Plan

Using the work already completed, Council will be in a strong position for subsequent reviews. In the meantime, Council should establish a process to capture any further opportunities for service delivery improvements or efficiencies from their stakeholders and service owners. Recording suggestions and planning to address them is all part of continuous delivery.

Checklist – Step 7	✓
Have we evaluated the review process (for the project as a whole and for each individual review) and the changes implemented?	
Have we produced a service delivery review report?	
Have we shared our results with others?	
Are service delivery reviews incorporated as part of continuous improvement?	
Have we scheduled the next service delivery review(s)?	

## APPENDIX A TEMPLATES AND TOOLS

Section	Template	Purpose
A	Stakeholder engagement / communications plan	To identify the stakeholders in the review, how they will participate and what information will be shared with whom and when
B	Evaluation Framework	To evaluate the process of the review and determine if and how the objectives of the review are being met.
C	Project Plan	To summarise the objectives of the review and the team structure
D	Service Statement	To document information about existing services
E	Information Gathering Template	To record other information about a service that will inform the analysis phase
F	Recommendations Plan	To detail and discuss and recommendations towards existing and future services
G	Implementation Plan	To detail how changes will be implemented, the cost and expected outcomes
H	Service Delivery Review Report	To communicate the outcomes of the review to stakeholders

A. Stakeholder Engagement / Communications Plan

Example Activity [to complete]	Stakeholders [to complete]	Level of Engagement	Objectives [to complete]	Actions [to complete]	Responsibility [to complete]	Timing [to complete]
1. Elected member reports	Elected Members	Empower	<ul style="list-style-type: none"><li>to inform elected members of proposed methodology</li><li>to provide in-principle support of review process and approach</li><li>to provide input into the scope of review</li><li>to provide input into draft plans/reports</li></ul>			
2. Executive Leadership Team meetings	Executive Leadership Team	Empower	<ul style="list-style-type: none"><li>to provide direction and give approval to steering group on direction and methodology of service delivery review process</li></ul>			
3. Change Management Workshop	Executive Leadership Team	Consult	<ul style="list-style-type: none"><li>to develop, maintain and drive implementation of the service delivery review</li><li>to monitor and approve progress and completion of service delivery reviews</li><li>to ensure service delivery reviews are integrated with workforce planning, asset management and long term financial strategy requirements</li></ul>			
4. Steering Group Meetings	Steering Group Members	Empower	<ul style="list-style-type: none"><li>to develop, maintain and drive implementation of the service delivery review</li><li>to monitor and approve progress and completion of service delivery reviews</li><li>to ensure service delivery reviews are integrated with workforce planning, asset management and long term financial strategy requirements</li></ul>			
5. Review Panel Meetings	Review Panel	Collaborate	<ul style="list-style-type: none"><li>to test review findings with role as critical friend to provide rigour to the process</li></ul>			
6. Manager Group Meetings	Managers whose services are being reviewed	Collaborate	<ul style="list-style-type: none"><li>to support each other and share learnings</li></ul>			
7. Co-ordinator Group Meetings	Co-ordinators whose services are being reviewed	Collaborate Consult	<ul style="list-style-type: none"><li>to work directly with co-ordinators to:<ul style="list-style-type: none"><li>inform them of the process</li><li>listen to their concerns</li><li>workshop the best methodology</li></ul></li><li>provide clarity and support around process</li></ul>			
8. Management Meetings – Regular Agenda Item	Directors All Managers	Inform	<ul style="list-style-type: none"><li>to be transparent of process and keep managers informed</li></ul>			



## Services Review

### Program Plan

Example Activity [to complete]	Stakeholders [to complete]	Level of Engagement	Objectives [to complete]	Actions [to complete]	Responsibility [to complete]	Timing [to complete]
9. All Staff – Various Sessions	All Staff	Collaborate Consult Inform	<ul style="list-style-type: none"> <li>to be transparent of the process</li> <li>to give staff an overview of service delivery reviews</li> <li>to help staff find the most up to date information</li> <li>to work with staff during the review and the change process as the key people involved in service delivery.</li> </ul>			
10. CEO Briefings	All Staff	Inform	<ul style="list-style-type: none"> <li>to be transparent of process</li> <li>to give staff a progress update</li> </ul>			
11. CEO Bulletin	Elected Members Directors Managers	Inform	<ul style="list-style-type: none"> <li>to be transparent of process</li> <li>to give staff a progress update</li> </ul>			
12. Service Planning Intranet Page	All Staff	Inform	<ul style="list-style-type: none"> <li>to be transparent of process</li> <li>to guide staff to most up to date information</li> </ul>			
13. Initial Training	Service Delivery Review Team	Inform	<ul style="list-style-type: none"> <li>to provide staff undertaking service planning with information and training to be able to undertake the review of their service</li> <li>to enable managers to feel confident in their task</li> </ul>			
14. Service planning online tools	Cor-ordinators Managers Directors CEO	Inform	<ul style="list-style-type: none"> <li>to provide managers with easy to access information and tools to enable them to undertake the review</li> </ul>			
15. Service Delivery Review Team Meetings	Service delivery review team staff undertaking service delivery reviews	Collaborate	<ul style="list-style-type: none"> <li>to allow members to share and network with each other</li> <li>to enable project team to provide advice and support</li> <li>to keep track of progress</li> <li>to give members dedicated and regular access to project team</li> </ul>			
16. Mentoring	Manager whose service reviews are being reviewed	Involve	<ul style="list-style-type: none"> <li>to provide external guidance and support to managers</li> </ul>			
17. Various Community Activities	Community in general Community Advisory Group	Various	<ul style="list-style-type: none"> <li>to engage the community in the review</li> <li>to understand services required and set levels of service</li> <li>to obtain feedback on options</li> <li>to review recommendations</li> </ul>			

## B. Evaluation Framework

	Example outcome hierarchy [to complete]	Example evaluation questions [to complete]	Performance indicators [to complete]	Performance information [to complete]	Judgements about success [to complete]
<b>Ultimate outcomes</b>	<ul style="list-style-type: none"> <li>service delivery review meets objectives</li> </ul>	<ul style="list-style-type: none"> <li>Did we achieve the objectives of the review?</li> <li>Has individual and organisational capacity for planning, management and service delivery improved?</li> <li>How can the review process be further improved?</li> <li>How can we share our experiences with others?</li> </ul>			
<b>Intermediate outcomes</b>	<ul style="list-style-type: none"> <li>service delivery better planned, managed and reviewed</li> </ul>	<ul style="list-style-type: none"> <li>To what extent is the service delivery review leading to improvements in service delivery?</li> <li>To what extent is the review having the anticipated effect?</li> <li>Is the community more involved with service delivery?</li> <li>Has the service delivery review had unexpected impacts?</li> <li>Has the capacity of our staff to conduct reviews increased?</li> <li>What do we now know about service delivery?</li> </ul>			
<b>Immediate outcomes</b>	<ul style="list-style-type: none"> <li>stakeholders engaged with service delivery review</li> </ul>	<ul style="list-style-type: none"> <li>What was the response to the service delivery review from our stakeholders?</li> <li>To what extent did our stakeholders engage with the review?</li> <li>What additional information do we need?</li> <li>Are the processes appropriate for the capacity of the stakeholders?</li> <li>Is the review delivering the expected outcomes?</li> </ul>			
<b>Activities / outputs</b>	<ul style="list-style-type: none"> <li>set up structure for review</li> <li>engaged key stakeholders to understand gaps in service delivery</li> <li>design and conduct service delivery review</li> <li>make recommendations</li> <li>develop an implementation plan</li> <li>make changes</li> <li>report and evaluate change</li> </ul>	<ul style="list-style-type: none"> <li>Was the structure for the review appropriate and did it lead to effective flows of information and decision-making?</li> <li>Did we identify all our services and sub-services?</li> <li>Was the process to engage stakeholders well managed?</li> <li>Did we understand and identify all the key concerns our stakeholders told us about?</li> <li>Were our engagement activities cost effective?</li> <li>Was the process to review each service effective and efficient?</li> <li>Did we effectively review our reports with stakeholders and incorporate feedback?</li> <li>Were the results of the review and the recommendations effectively communicated to our stakeholders?</li> </ul>			
<b>Need</b>	<ul style="list-style-type: none"> <li>to undertake a service delivery review and meet the review objectives</li> </ul>	<ul style="list-style-type: none"> <li>Did we correctly identify the objectives for the review?</li> <li>How does service delivery review link into other processes?</li> <li>What issues could impact on the ability to conduct the review?</li> </ul>			

## C. Project Plan

### Project Plan for [Name] Service Review

Project Name			
Project Reference			
Project Sponsor			
Project Manager			
Project Team			
Date		Cost Centre	

#### 1. Description of Project Scope (what is it?)

What is the service to be reviewed – describe it?

#### 2. Project Strategic Alignment and Purpose (to CSP/DP)

#### 3. Project Objectives and Potential Benefits

What are the aims the review seeks to achieve and what areas will it cover?

#### 4. Key Project Deliverables and Target Completion Dates

Project Deliverables:

Date:

#### 5. Description of Project Constraints

Identify any operational, technical, resourcing, political, community issues that may impact on the project in any way

#### 6. Key Stakeholder who will be engaged

Internal Stakeholders

External Stakeholders

#### 7. Engagement and Communications Strategy

	Engagement Issues	Communication Strategies
Internal Stakeholders		
External Stakeholders		

## Services Review

### Program Plan

#### 8. Estimated Project Cost (Include Order of Accuracy)

Estimated cost (internal and external costs)

#### 9. Project Governance (include if known)

Project Sponsor: - Usually the Director

Steering Group: - Usually ELT

Project Manager:

Service Delivery Review Team:

#### 10. Risk Management

Identify project / specific review risks as per the Risk Management Framework and Policy.

#### Project Manager

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

#### Project Sponsor

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

D. Service Statement

Directorate: [Insert Directorate responsible for delivery]		Department: [Insert work group responsible for delivery]		Responsible Officer: [Insert title of person responsible for delivery]	
What does this service do? [Provide a brief description of service]		External or Internal Service: [State whether the service is provided externally or internally]		How does this contribute to our Community Strategic Plan and Delivery Program? [Insert details]	
Are we legislatively required to delivery this service? [Yes or No] [If yes, what legislation governs the service?]		What legislation does this service comply with? [Provide details even if the service is not mandated]			
Sub-service 1					
Outputs		Service Standards		Community’s view of quality of service	
Sub-service 2					
Outputs		Service Standards		Community’s view of quality of service	
Sub-service 3					
Outputs		Service Standards		Community’s view of quality of service	

Sub-service 4			
Outputs	Service Standards	Community’s view of quality of service	Community’s view of importance of service
Sub-service 5			
Outputs	Service Standards	Community’s view of quality of service	Community’s view of importance of service
Sub-service 6			
Outputs	Service Standards	Community’s view of quality of service	Community’s view of importance of service
Sub-service 7			
Outputs	Service Standards	Community’s view of quality of service	Community’s view of importance of service

Financial Year 20xx / 20xx							
Sub-services	Total (\$000s)					Key Issues	
	Income	Expenditure	Net cost of Service	Fixed vs Variable Cost Ratio	Staff numbers (FTE)	Current	Future
Sub-service 1							
Sub-service 2							
Sub-service 3							
Sub-service 4							
Sub-service 5							
Sub-service 6							
Sub-service 7							
TOTAL							
Notes:							



E. Information Gathering Template (Includes Explanatory Notes)

Note: the red text indicates purpose of the questions.

Service / Sub-service Title	Confirm Service Name
Service / Sub-service description	Confirm core of service and boundaries
1. Service relationships: <ul style="list-style-type: none"><li>Is the service or part of the service provided by another part of the organisation?</li><li>Is there a close relationship or duplication with other services that could be explored with the review?</li></ul>	Identify opportunities for service consolidation, economies of scale and process improvement
2. Mandatory requirements: <ul style="list-style-type: none"><li>Is it mandatory for council to provide the service? This may be due to legislative or contractual requirements etc.</li><li>Are there impediments to reducing or stopping the service, e.g. a long-term contract, an agreement with a government agency, or a policy position of council?</li></ul>	Understand current service levels and identify potential barriers to change
3. Service outputs: <ul style="list-style-type: none"><li>What are the outputs for the service, what does the service deliver or produce?</li><li>How are the outputs measured?</li><li>Examples include: grass mowed, gravel roads sealed, burial plots sold, building certificates issues, tourism merchandise sold, bulk waste collected, land use plan prepared, environmental education provided.</li></ul>	Understand service outputs and type of performance delivery data available
4. Service outcomes: <ul style="list-style-type: none"><li>What do the service outputs achieve for the customers? What value do the customers extract from the service?</li><li>Examples include: a place to relax, a healthy lake, reduced flooding, a low cost option for burials, well informed tourists, reduced illegal dumping, increased recycling, a safe road network.</li></ul>	Understand customer and community value of the service.

Service / Sub-service Title	Confirm Service Name
<p>5. Current services levels:</p> <ul style="list-style-type: none"> <li>What are the levels of service provided in the outputs, in terms of quantity, quality, timeliness, reliability, responsiveness, accessibility, etc?</li> <li>Examples include: frequency of mows in summer and winter, average height of grass, number of sites dredged compared with total, response time for requests, proportion of calls answered in 30 seconds, time to process, number of days open to public, opening times, number of errors, number of repeat requests.</li> <li>What is the process for the review of service levels, including the process inputs?</li> <li>Are the target service levels being met</li> </ul>	<p>Clarification of current service levels and how they were determined and whether the levels are being met.</p>
<p>6. Customer feedback:</p> <ul style="list-style-type: none"> <li>Is there an effective customer feedback process?</li> <li>What is the current level of satisfaction and how important is the service to customers?</li> <li>What do community and customer surveys indicate?</li> </ul>	<p>This information is needed to examine satisfaction v importance of the service as well as any other feedback about service quality and stakeholder expectations</p>
<p>7. Service utilisation:</p> <ul style="list-style-type: none"> <li>What is the current level of usage of the service or council facilities?</li> <li>Is the use of the service expanding or decreasing? Is it becoming more or less popular with the community?</li> <li>Do council sections work effectively to optimise the opportunities to increase efficiency (mutually supportive with resources/assets)?</li> <li>Are their changing demands due to population growth, change in community trends, etc?</li> </ul>	<p>Is there an understanding of future prospects of the service, whether it is currently at capacity and whether there are opportunities for sharing resources across services.</p>
<p>8. Existing constraints:</p> <ul style="list-style-type: none"> <li>Is there anything restricting the delivery of the service, such as insufficient office space, lack of equipment, out of date technology, etc?</li> <li>Are there 'assumed constraints' withing the work's environment?</li> </ul>	<p>Provide an open opportunity for service owners to identify improvement options as well as sufficiency of supporting resources/technology</p>
<p>9. Strategic links:</p> <ul style="list-style-type: none"> <li>What information is contained in the Community Strategic Plan, Delivery Program and Operational Plan relating to the service?</li> <li>What strategies, actions, objectives, and key performance targets are relevant to the service?</li> <li>What progress has been made in achieving the identified outcomes and targets?</li> </ul>	<p>Understand the strategic purpose of the service and the strategic implications if changed</p>

Service / Sub-service Title	Confirm Service Name
10. Processes and procedures: <ul style="list-style-type: none"><li>What are the key processes relating to the service and have they been mapped?</li><li>What procedures or other documents directly apply to the service and how effective and useful are they?</li><li>Do the service’s management and staff refer to and adopt Council’s processes and procedures?</li></ul>	Identify potential improvements in relations to process and streamlining governance requirements
11. Financials: <ul style="list-style-type: none"><li>What are the annual budgeted and actual expenditure and revenue figures for the service for the current and last two financial years?</li><li>What is the net cost of service for the service under review over the same periods?</li><li>How has the net cost of the service varied over the periods examined?</li><li>What factors caused these variations (if any) in the net cost of service?</li><li>What impact did these variations have on the service?</li><li>Were the factors a result of deliberate decisions or unplanned events?</li><li>How is the service funded: rates, grants, loans, reserves, user charges, etc?</li><li>On what basis were user charges determined for the service? How were they calculated&gt;? Are there any regulatory or other constraints that limit the amounts of the charges?</li><li>Are there available unit rates e.g. cost per square meter, cost per person? Corporate overheads should be included as appropriate</li></ul>	Understand true cost of service and identify potential investigation areas using trend data (variations).  Inform opportunities for reviewing funding mix and ascertain data that could be used for benchmarking.  Examine whether sound pricing policy is in place to maximise revenue and identify areas for improved procurement action and asset utilization.
12. Mode of service delivery: <ul style="list-style-type: none"><li>How is the service currently delivered, e.g. in-house, outsourced, resource sharing, partnerships, community groups, etc?</li><li>Have other modes been tested or discussed within council for consideration?</li><li>Is Council examining opportunities to work with external Councils and / or government bodies to improve or co-operatively provide services?</li></ul>	Support investigation of alternative delivery modes.

Service / Sub-service Title	Confirm Service Name
<p>13. Staff and contractors:</p> <ul style="list-style-type: none"> <li>How many people are employed on the service? How many full time equivalent positions?</li> <li>What are their high level roles and responsibilities?</li> <li>How many vacant positions are you currently carrying and how long have they been vacant?</li> <li>How have you managed without these resources and what has been the impact of the vacancies on service levels?</li> <li>Are there any contractors or volunteers?</li> <li>Does council sub-contract elements of the service delivery? How are these assessed and periodically reviewed for efficiency</li> </ul>	<p>Inform potential options to improve efficiency through improved labour usage, skills development and task consolidation</p>
<p>14. Assets:</p> <ul style="list-style-type: none"> <li>What assets, infrastructure and facilities are associated with the service?</li> <li>Identify if any are not Council owned, e.g. Crown land.</li> <li>Are there assets with low utilization or high recurrent maintenance?</li> </ul>	<p>This question assists in identifying opportunities for improved asset utilisation, reduced depreciation, service transfer or consolidation and alternative delivery models.</p> <p>Data required will depend on the asset intensity of the service. The question is intended to identify significant assets rather than tools of trade or standard support resources such as minor equipment, passenger vehicles, laptops, mobile phones etc.</p>
<p>15. Comparative data:</p> <ul style="list-style-type: none"> <li>Is comparative or benchmarking data available from other organisations that is relevant to the service?</li> <li>How does services productivity compare to other similar organisations?</li> </ul>	<p>The question aims to identify existing benchmarking and comparative information to examine service efficiency or quality. Further benchmarking or comparative data may be useful if performance is low relative to cost.</p>
<p>16. Opportunities:</p> <ul style="list-style-type: none"> <li>Are there opportunities or staff suggestions for reducing costs, generating additional income or improving service?</li> <li>Are there previous review recommendations which have not been implemented</li> </ul>	<p>Open opportunity for staff to suggest improvements</p>
<p>17. Impact of climate change:</p> <ul style="list-style-type: none"> <li>What is the impact of climate change on the service?</li> <li>Are there any resilience / adaptation measures already inbuilt into the service?</li> <li>What else is required now and in the future which might impact service delivery, cost and service levels?</li> </ul>	<p>Understand the impact of climate change on the service (direct and indirect) to determine whether resilience to climate change needs to be built in to the service.</p>
<p>18. Other information:</p> <ul style="list-style-type: none"> <li>Is there any information that may assist with reviewing the service?</li> <li>Include additional documentation as attachments to the form where appropriate.</li> </ul>	

F. Recommendations Plan

Service Name	Sub-Service	Responsibility	Recommended changes	Expected financial outcomes (savings, revenue changes)	Expected staff changes	Expected changes in assets

Stakeholder consulted	Feedback	Risks and risk mitigation	Feedback incorporated?

G. Implementation Plan

Service name	Sub-service	Objective of change	Actions required	Responsibility for change	Stakeholders affected	Cost/resources required	Expected outcomes	Timeframe	Impact of fees/charges	Evaluation of change (performance indicators / targets)

## H. Service Delivery Review Report

### FRONT COVER

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- Name of the service / sub-services
- Date the report was completed
- Name and title of the author

### STATEMENT OF COMPLIANCE

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- Review timeframe
- Staff responsible for the review
- Staff who signed off on the review and plans

### EXECUTIVE SUMMARY

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- Key changes made, benefits and outcomes from the review

### INTRODUCTION

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- The objective, scope and resourcing

### BACKGROUND

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#### Definition of 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.
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 Council
2. Prioritisation of services across Council – understanding the drivers behind the need for review

## REVIEW PROCESS

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Outline the process of information gathering and analysis

### 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 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
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
  - a. Alternative service delivery options
  - b. Alternative service delivery risks
  - c. Risk mitigation opportunities
  - d. Opportunities for improvement

## Identify and Assess Opportunities

1. Summary of improvement opportunities identified and the 'min business case' completed for each, forming the basis of recommendations of the review.

## RECOMMENDATION

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What recommendations are being made regarding the service and why.

### Recommendation 1

### Recommendation 2

## IMPLEMENTATION

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## 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

## Implementation Plan

As per G above.

## Discussion

What changes were made and how.

## Monitoring and Reporting

Describe the process for monitoring implementation of the opportunities, including responsibility, accountability and reporting.

## CONCLUSIONS

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Summary of benefits and outcomes

## LEARNINGS

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What was learnt and how your experiences can help other organisations / service delivery review teams and / or your next review.

## APPENDICES

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Various stakeholder communications based on this report e.g. summary report, one pager, website content, final briefing for elected members.

## APPENDIX B. DETAILED ANALYSIS

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### A. Levels of Service

Analysing levels of service can be a good starting point especially where:

- customer feedback shows a mismatch between service satisfaction and service importance;
- community feedback indicates the service is highly valued or needs to be improved;
- cost savings are needed to ensure the continuance of the service;
- services have been determined historically or set by the service owner alone and have not been challenged because ‘this is what we have always done’;
- services may be influenced by demographic changes and require regular validation;
- services may require significant change in scope and/or level because of other changes outside the control of Council such as new compliance and other governance requirements set at the State or Federal government level; and / or
- services are readily available from other providers and where a reduction in service level or discontinuance of the service will have no significant impact on service users, for example immunisation services.

This analysis should examine:

- the impact any change will have on resources, staff, customers and other stakeholders;
- how the change fits with the overall strategic priorities of the organisation;
- the risks and benefits of any proposed change; and
- the impact on the fixed and variable costs of the service in conjunction with the finance department.

### B. Service Delivery Models

Examining alternative ways of delivering a service can result in improved efficiencies and service quality. Usually there is a ‘pay back’ period before benefits are realised and clarity is needed about the length of this period. Council should develop a business case to fully examine and inform a decision to change service models.

Typical alternative service delivery models include:

- shared services and resources;
- strategic relationships with government and non-profit bodies;
- arm’s-length entities;
- business enterprises;
- joint ventures or public–private partnerships;
- community-run services or enterprises; and / or

- outsourced to external providers.

A summary of each of these models and when they could be considered is in [Appendix C](#).

Due to the sensitivity around implementing alternative service delivery models, the steering group should take a lead role when exploring these options and make a register of potential models and possible partners. It is important this process is transparent and includes the following questions:

- Does the service involve significant customer interaction or would changes to the service be unlikely to be noticed by customers?
- Is the need for the service predictable throughout the year or is it largely reactive to unpredictable events?
- Is there a degree of flexibility that can be applied in terms of service response times?
- Is there a sound external market of suppliers of the service?
- Can performance be measured transparently?
- Does an in-house service model provide knowledge that would otherwise be lost if the service were contracted out?
- If teams are multi-skilled across more than one service, would contracting out the service result in reduced staff utilisation or reduced flexibility in programming?

## C. Service Consolidation

This analysis looks at the relationships between types of services and where they are located to help council decide whether to consolidate them. Service consolidation can generate economies of scale when different services have similar or identical skill sets, customer groups, asset needs or resource mixes.

Often, a variety of services are delivered from a range of premises. With demographic, technological and transport access changes over time, it may be appropriate to consolidate services into fewer locations.

Examples of service consolidation include:

- **Roads maintenance and parks maintenance** – these require very similar skills and assets and combining them can deliver economies of scale and provide more variety of work for staff.
- **Public domain maintenance** – this includes parks, environmental restoration services, bushland care and riverine care. These also require similar maintenance and infrastructure services.
- **Enforcement, regulation, surveillance (CCTV) and investigation services.**
- **Centralised bookings** – this may include the combining of bookings for community halls, sporting fields and sporting facilities together into the main customer service team. This gives customers a 'one-stop-shop' experience and the central recording of data allows better understanding of the demand for certain Council assets.

The HR department, in particular, can help identify possible services for consolidation using role descriptions and details of existing skills sets.

## **D. Financial Analysis**

There is a range of ways to analyse the financial aspects of a service. The nature of the resources involved and an initial review of some high level cost measures will help determine which method to apply. Some specific approaches include:

- net cost of service;
- material costs;
- staff costs;
- depreciation and overheads; and
- revenue potential.

### **Net cost of service**

Determining the net cost of service is a key measure for services and service delivery reviews. Assuming no changes to service levels, the net cost of service should remain constant from year to year. Comparing actual vs. budgeted net cost of service over several years can help identify the resources used to provide a service. Any unplanned and/or unexplained variations can then be investigated.

It is also important to understand the breakdown of the net cost of service as this will show whether a specific review of revenue and expenditure should be performed.

Whilst there can be many factors which influence the net cost of service, the below sets out some potential causes and responses to changes in net cost of service.

Unplanned symptom	Possible cause	Response
<b>Steady increase</b> in net cost of service based on actual to budget comparison	Service scope and/or level drift. Where the service owner is motivated to provide a higher level of broader scope of service than originally agreed / funded.	Review the service level and scope and compare to prior years to determine extent of service drift.
	Portions of one or more service inputs are being used to progressively subsidise another service or unrelated activity	Review service costing and resources with service owner to ensure a clear segregation of service costs.
<b>Sudden increase</b> in net cost of service based on actual to budget comparison	Change in funding mix, especially the reduction of discontinuance of grant revenue for the service	Review all funding sources and compare to previous years
	Allocation of depreciation, leave liability or overhead costs not previously applied	Review process for determination and allocation of these costs to ensure visibility during budget process
<b>Steady increase</b> in net cost of service based on actual to budget comparison	Additional revenue received from a new source. For example, program revenue from a government agency and/or an expenditure item has decreased due to lower pricing from new supply contract	Detailed analysis of revenue sources and varying expenditure items
	Implementation of internal charges on internal users, for example, venue hire	Reconciliation of additional service revenue to other service expenditure with zero net benefit.
Sudden decrease in net cost of service based on actual to budget comparison	Elimination or significant restructuring of major expenditure item, for example, IT software licensing.	Detailed analysis of varying expenditure items
	Scheduled work and services cannot be undertaken. For example, bicycle path construction delayed because of unexpected wet weather	Analysis of all resources set aside for the works or service for consideration for re-allocation or carry-over.

### **Material costs**

Some services, for example road maintenance, require significant expenditure on materials. Where material costs are high, a small percentage saving can be significant.

The cost of materials can be influenced by **procurement processes** as well as changes in materials quality and technology. Where a service uses significant materials, options for review include:

- examining materials quality;
- revisiting how material needs are estimated;
- examining the difference between materials estimated and used; and
- identifying opportunities to reduce waste and reduce the quantity of materials ordered.

### **Staff costs**

Staff costs involved in providing the service include all remuneration, overtime, other benefits and any ongoing leave liability.

It can be difficult to determine the true staff costs because many staff, often across various departments, may be involved in providing the service. As such there needs to be an agreed method of dividing staff costs across services to ensure a consistent approach to service costing.

Once staff costs for a service are known and broken down into the various components, it is pertinent to ask:

- Is there a more efficient way of getting the work done?
- Have salary and overtime costs become a greater proportion of the overall cost of the service despite stable service levels? If so, why, and what can be done to constrain this growth?
- Do the variations in hourly rate across the salary levels applicable to the service make sense from a work value perspective? If not, what can be done to remedy this?
- Is there enough leave scheduling to minimise the combined leave liability of the service team?

Issues related to work practices and other types of labour are discussed in **Step 4.3.7**.

### **Depreciation and Overheads**

The allocation of depreciation and overheads is included in the calculation of **net cost of service**. Council should have an agreed approach to allocation and it can be useful to analyse whether the service being reviewed is carrying out the appropriate allocation.

### **Revenue Potential**

This analysis focuses on discretionary fees and charges to see whether they can be increased or stabilised if they fluctuate between years and seasons. It can also ensure the

service has a pricing strategy to achieve fairer and more equitable fee levels over time, taking into account the users of the service and their ability/willingness to pay.

This analysis can also explore opportunities for the commercialisation of services where this is appropriate, for example, by extending an existing service to other users or by considering a new service which can leverage off an existing service.

## **E. Asset Utilisation**

Some services, for example roads and parks maintenance, child care and library services, require significant buildings and plant and equipment. Analysing the use of these asset-intensive services can be a key to cost savings and efficiency improvements. As the analysis of asset utilisation can be complex, the finance and asset management departments should be involved.

## **F. Climate Change Risk**

Analysing climate change risk means understanding how climate change may impact on services and deciding whether and how to adapt to potential impacts. Various methodologies can be used to determine if, when and how assets, services and communities will be impacted.

Whilst climate change is a much broader issue which should be assessed at a strategic level, there will be some services which may be more obviously affected than others, for example, planning services for developments in riverine areas or open space management vegetation and watering systems.

## **G. Procurement Processes**

### **Market testing**

Regular market testing of the quality and cost of significant inputs such as materials, labour and equipment helps ensure best value so it is important to know when market testing was last carried out and the changes made as a result. Even without realising, service owners can get into a habit of either using a particular supplier who may, over time, not deliver the best value, or they may be unaware of competitive supply contracts available

### **Contract management**

Where inputs are provided via a supply contract, there are often beneficial contract provisions which need active management. For example, a supplier may offer to provide training or price reviews/rebates at volume points as part of the contract. Being proactive in the management of supply contracts helps extract these benefits to produce savings and/or improvements in productivity.

## **H. Labour Provisions**

### **Staff / contractor / NGO / volunteer mix**



Services can be delivered by a mix of staff, contractors, non-government organisations, community groups and volunteers. For example:

- A library may be operated by a few staff and an active group of volunteers.
- A community service may be delivered by a community sector organisation, supported with funding, financial advice and strategic planning from Council.
- Contractors may provide safety and traffic management with the actual road maintenance undertaken by staff.

An analysis of labour provisions could identify a more cost effective and appropriate way to deliver the service or different service elements. Whilst this can raise similar issues to those which can arise when considering **alternative service delivery models**, a change of mix is less significant than a transfer of control of the service and often involves extending the existing mix or incrementally introducing other labour sources.

Again, the HR department will be invaluable during this analysis.

### **Task consolidation and multi-skilling**

In addition to **service consolidation**, there may also be opportunities to consider consolidating tasks within a service, moving to a more multi-skilled model. Such consolidation requires an analysis of similar and/or complementary skill sets within a service.

### **Skills acquisition**

Training and development can help improve productivity, especially for existing staff (although it can also be extended to volunteers and community sector staff). Where there is an insufficient spread of specific skills, at least to a minimum level, service delivery can be disrupted by staff absences that could require costly replacement at short notice.

Some key questions to help identify whether skill acquisition is needed and relevant include:

- Are the skills held wholly within one, or a very limited number of, position(s), creating a person-dependent situation?
- If so, is it feasible to develop sufficient skills across one or a number of other positions?
- Where work is handed over, is this due to necessary supervision or a lack of skill?
- Is it a specialist skill needed or just knowledge of the operating environment?

### **Managing staff vacancies**

Managing unplanned medium- to long-term staff vacancies can have a significant influence on staff costs. In theory, if an unplanned vacancy occurs, service delivery will be affected. However, sometimes unplanned vacancies occur with no impact on service delivery.

Holding on to a funded vacancy can be an advantage, provided service levels are maintained, as the budget can be used to relieve budgetary pressure elsewhere. Understandably, the service owner may be reluctant to volunteer the saving in case the funding is removed permanently. However, this creates inefficiency of resource allocation.

Key questions to ask in this situation are:

- What staff vacancies is the service carrying and how long have these been carried?
- What is the practice for replacing staff when unplanned vacancies occur?
- Can the impact that any vacancy has had on service levels and quality be quantified?

## I. Scenario Analysis

For many services, the level of resourcing reflects an historical allocation rather than an evidenced-based decision. Often, historical and actual resource requirements align. However, analysis can help determine whether work has expanded to fill available resources or the same service could be delivered with less.

Scenario analysis can help the review team to explore this issue. The team works with the service owner to analyse the impact of a resource reduction and looks for ways of maintaining service levels despite the change. Typical scenario analyses impose a hypothetical 5% to 10% revenue reduction or expenditure increase (or equivalent in FTE) and examine what might need to happen to the service as a result. The percentage is then adjusted to determine what level of resource reduction might be supported.

## J. Governance, Processes and Technology

### Business process review

Over time, business processes adapt to changing circumstances and requirements and need to be analysed in a more objective way. This helps identify potential improvements for increased efficiency and productivity. However, business process reviews require significant time and resources. An alternative approach is to conduct a high-level review of those processes which are most likely to be inefficient in order to determine whether a more detailed review should occur.

### System and technology improvements

Whilst system and technology enhancements can be fundamental to enabling efficient service delivery, they usually require a significant up-front investment in capital as well as testing and trialling. As such, an analysis of potential changes requires details of the system or technology enhancement, in addition to the corresponding improvement in work practices or other service efficiencies. The IT department will be able to share information about future systems and technology development to determine whether such changes are already included in future plans.

### Policies and procedures

Council's policies and procedures aim to ensure public resources are used efficiently, effectively and ethically. However not all policies and procedures equate to good corporate governance and can sometimes introduce inefficiencies without delivering the anticipated governance or control benefits.

Analysing policies and procedures involves asking questions such as:

- What are the issues the policy/procedure is attempting to deal with?
- Has any audit or review analysed the policy's or procedure's efficacy regarding this issue?
- Is there a demonstrable reason why documentation should include more than a record of decisions (including reasons and name of decision-maker) which could be audited at a later stage?
- Are the levels of delegation appropriate to the tasks performed or could they be expanded without a significant increase in risk?
- If there are prescribed additional controls and approvals, are they occurring in an informed way or are they merely 'rubber-stamped' and therefore adding little value?
- What is the risk to benefit ratio? i.e. does the potential risk warrant the additional controls?

## K. Benchmarking

Benchmarking involves comparing current practice with a known reference point in order to make an informed judgement about the state of current practice. For example, if Council A mows 2,000 square metres of grass in a week at an average cost of \$4.50 per square metre and Council B mows the same area at an average cost of \$2.50 per square metre, further investigation may be appropriate. However, the comparison may be, not with organisation B, but rather with a previous performance standard set by Council A, an aspirational target set by Council A, an industry standard (if one exists) or a best practice reference point being achieved by another organisation.

Typically, benchmarking compares resourcing, process efficiency, quality and scope. However, caution is needed as different Councils may treat elements such as depreciation and overheads differently, which leads to erroneous comparisons. Therefore, it is better to focus benchmarking on very specific service aspects which are likely to be unaffected by these types of elements. For example, benchmarking the net cost of library services may be difficult because of the many variations in types of programs offered and facilities used. However, benchmarking a specific program such as a digital seniors program might be easier because at that level, other variations are less relevant. There are many commercial organisations that provide benchmarking services, some of which specialise in local government. There are also resources available on the Internet which explain how to set up and conduct benchmarking.

In addition, a range of internal benchmarks can be useful, such as comparing:

- current and prior year actual performance;
- prior year budget to actual financials;
- whether the cost of the service has risen more than the consumer price index (CPI);
- whether the staff component of the service has risen more than the CPI;
- whether the unit cost of a particular service is increasing or decreasing, for example, the cost of childcare per child or per staff member; and

- actual performance against service standards to budget performance.

When considering alternative modes of service delivery, benchmarking may help assess the viability of potential options.

## **L. Funding Arrangements**

Analysing funding arrangements involves looking at current sources of funding and exploring the availability of alternative sources. These could include:

- full or part funding from grants, government agencies (especially from new programs), NGOs, peak bodies and business groups;
- new user charges or levies; and
- making the service conditional on a commercial rate of return.

When changing user charges or levies it is important to make sure the service does not become unaffordable, particularly if it is an essential service. In addition, care is needed to avoid inadvertently discriminating against certain sectors of the community.

## APPENDIX C. ALTERNATIVE SERVICE DELIVERY MODELS

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### A. Shared Services and Resource

Shared service models can be a cost-effective way for Council to share resources, tackle common tasks, or take advantage of economies of scale. Many different kinds of shared service arrangements have been implemented across Australia. As a guide, any service meeting one or more of the following criteria may be suitable for service sharing:

- it is largely self-contained;
- it can realise economies of scale;
- it is non-strategic, low risk and rule-based;
- it involves high volume transaction processing; and
- it requires access to the latest technology.

Services that are regularly considered under a shared delivery model include corporate or activities such as:

- HR functions e.g. recruitment, payroll;
- call centre operations;
- finance e.g. budgeting, reporting, etc.;
- rating e.g. notice production, debt recovery;
- IT support;
- communications/marketing;
- procurement;
- legal services; and
- internal auditing.

Other service areas that are regular candidates for shared delivery include:

- library services e.g. book stocks;
- asset maintenance and construction e.g. road maintenance at remote joint boundaries; and
- shared plant and equipment where plant utilisation can be maximised.

It is also useful to consider the option of shared services when one Council is unable to attract or retain staff skills in a particular discipline and another Council has spare capacity, such as in engineering design or development assessment. For a shared service arrangements to be successful there needs to be an identifiable benefit to both parties, whether this is in service improvement, cost savings, income generation, or improved asset utilisation.

## B. Strategic Relationships with Government of Not For Profits

Research indicates the consideration of delivering services through a strategic relationship with other government or non-profit bodies is not regularly included in the scope of service delivery reviews.

One reason for this may be that services which are candidates for this type of arrangement tend to involve significant infrastructure, such as regional sporting or cultural facilities. The opportunities for these types of projects tend to be identified outside the service delivery review process.

That said, there are opportunities that are worth exploration, particularly where additional or improved services are being considered. Some examples where strategic relationships have been successful include:

- health and community care services being provided by a non-profit organisation;
- use of surplus school or TAFE facilities for community use (where there is capacity due to nonconcurrent usage);
- out of school care services; and
- tourism promotional services by non-profit organisations.

As with shared services, the key to the development of a successful strategic relationship lies in there being an opportunity for both parties to extract a benefit.

[See Council's Strategic Partnerships White Paper and Policy.](#)

## C. Arm's Length Entities

Arm's length entities are those that are established with a clear separation from the Council. The advantage is that they can offer a degree of freedom from some of the constraints of the local government framework. This strategy is also a way of avoiding conflicts of interest between the regulatory and provider roles of Council and it facilitates the engagement of the necessary commercial and corporate expertise that is sometimes inaccessible to Council. Property leasing and land development are good examples in which the establishment of an arm's length entity, free to operate commercially, can deliver an alternative income stream for a Council.

When considering opportunities for the establishment of an arm's length entity, the focus is generally on obtaining a commercial return on the investment, and does not necessarily rely upon any expertise that may exist within the Council. An arm's length entity is free to source the expertise and resources that are required, as distinct from a business enterprise that is established within the Council.

## D. Business Enterprises

The consideration of opportunities to establish a new business enterprise to generate additional income is generally included in the service delivery review process where one of

the objectives is to seek alternative sources of income to contribute to the Council's financial sustainability.

As distinct from the arm's length entity approach, these types of enterprises generally emerge from the provision of an existing community service that is provided by the Council. Examples of council services that have formed business enterprises include:

- commercial waste collection services;
- commercial printing and graphic arts services;
- civil construction or maintenance services;
- consultant engineering or town planning services;
- landscape maintenance services.

When considering options for a new business enterprise, it is useful to consider some key questions such as:

- Is there a niche or emerging market with limited competition? For example, is the service different and easy to distinguish from what others provide? Does the Council have a significant competitive advantage over other businesses in an area such as technical expertise, or economies of scale?
- Is it relatively easy and inexpensive to establish the business activity and enter the market? For example, are there minimal political barriers, minimal regulations, low capital outlays?
- Is the business aligned with current Council operations? Are there existing available Council resources, for example facilities, property, skilled and experienced personnel, plant and equipment, systems?
- Is the business likely to be financially sustainable? What are the long-term prospects of the business, taking into account future market potential and the impact of external factors?
- Does the business provide an overall community benefit for the local government area (economic, social, environmental, wellbeing)? Does it support the area's strategic objectives? Does it add value to services the Council provides (expansion/improvement)?
- Is there a relatively favourable level of risk exposure in entering or trading within a market e.g. technological, insurance, and legislative?

The risks involved in launching a new enterprise are lower when there is a capacity surplus in an area in which a Council can deliver services to the external market without the need to purchase additional resources. If, however, the expansion into the external market requires a capital investment such as the purchase of additional plant, or additional or new staff expertise, then the next step should include the development of a business case to ensure the viability of the proposal. It may be prudent to have the business case reviewed using external expertise, particularly where the returns are considered marginal, or the consequences of failure are high.



## **E. Joint Ventures of Public Private Partnerships (PPPs)**

PPPs usually involve a partnership between the public sector and private sector for the purposes of designing, planning, financing, constructing and/or operating projects that would traditionally fall within the remit of the public sector (i.e. the Council). Infrastructure projects are prime examples, and much like the 'strategic relationship' option, these types of projects tend to be identified outside the service delivery review process.

Nonetheless, research has identified examples where service delivery reviews have identified opportunities from PPPs that are not as reliant upon the delivery of expensive infrastructure. For example, one council was able to dispose of its sewage effluent through a PPP with an adjoining landowner who committed to reusing the effluent for irrigation.

Opportunities for efficiency improvements can arise from service delivery reviews through exploring a joint venture approach. Viable opportunities tend to be born out of the ability of joint venture arrangements to deliver benefits from economies of scale, and examples have included:

- regional waste collection contracts (where neighbouring Councils partner in a single contract); and
- co-operative, joint tendering contracts.

Like all of the co-operative service delivery models that are described here, PPPs and joint ventures are reliant on there being benefits to all parties.

## **F. Community Run Services or Enterprises**

A community enterprise is a business owned, controlled and used by the people who live in a particular geographic area. Many community enterprises in Australia are incorporated as cooperatives. Membership of a community enterprise is voluntary and open to the general public.

Community enterprises have undergone a resurgence in recent years. A growing number of rural towns across Australia are turning to community enterprises to provide new services, or to save existing services that can no longer be supported by the Council. Examples of community run services include community gardens, nurseries, festivals, sports facilities, and cemetery operations. Often there are untapped commercial skills within a community that could be utilised to add value to Council activities. Profits from community enterprises may also be ploughed back into the local community or reinvested in the businesses.

## **G. Outsource to External Providers**

There are a number of internal and external influences to consider when evaluating an outsourcing option. They include: understanding the extent to which there is an appetite by either the senior management or the elected representatives for outsourcing; whether the



Council is the major employer in the community; the availability and competitiveness of external service providers and the level of control that is required over the service. These factors will determine whether outsourcing is an option that can be genuinely considered in a service delivery review.

The following set of criteria may be used as a guide when assessing the suitability of a service for outsourcing:

- **largely self-contained** – services not closely linked to other services or functions
- **high economies of scale** – services with high production volumes and highly standardised
- **non-strategic or ‘non-steering’** – services that do not have a high impact on strategic direction
- **low complexity and rule-based** – services that are easy to specify and monitor
- **changing or specialised technology** – services involves high capital and ongoing technology costs
- **high supplier availability** – services with large numbers of potential suppliers or contractors; or
- **cost-competitive services.**

Before deciding to commit to outsourcing a service, Council should consider any industrial and social responsibility it may have as a major employer in the community. This is particularly so in rural, remote and some regional centres. The long-term costs and benefits should be carefully considered, along with the loss of any assets, control and skill sets associated with the service.