

**Reviews currently being undertaken**Service reviews currently being undertaken by the City

- Use of external contractors, effectiveness of the current work program and suggested delivery model for traffic management control.

This review is currently ongoing and hasn't been completed. However a number of inefficiencies and inconsistencies have been identified in this area which when treated should reduce expenditure and the reliance/use of contactors.

Service reviews currently being undertaken by an independent consultant

- City's fleet utilisation and operating costs.

The fieldwork by the consultant has been completed. A draft report is expected by mid July 2014.

- Building maintenance (including plumbing and electrical) and cleaning of City buildings.
- Utility consumption of City buildings.

The consultant has commenced these reviews. A draft report is expected by early to mid August 2014. The outcome of this review for building maintenance and cleaning is to:

- Identify current costs (materials and resources for planned and unplanned works), including the ratio of planned to unplanned maintenance cost for each building and variation to budget;
- Develop a strategy for maintenance and cleaning and its application, including a maintenance plan which will describe the level of planned maintenance completed;
- Undertake an assessment of the building portfolio (disposal and acquisition of buildings);
- Identify age and ownership of buildings (if leased who is responsible for maintenance and could costs be passed on);
- Identify key failures of maintenance and causes;
- Identify sources of work, allocation, monitoring and its efficiency, and the use of the City's corporate systems; and
- Identify variations in levels of service of cleaning between buildings and its appropriateness, based upon their purpose and usage.

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**Progress of the Cost Efficiency and Service Reviews Program**

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The outcome of this review for utility consumption is to:

- Identify utilities used and their providers;
- Develop a utilities strategy including the consideration of alternative sources, including sustainable energy;
- Understand how utility costs are developed;
- Develop a better process for on-billing and the information provided to third parties, as well as managing payments and taking advantage of discounts/rebates and alternative payment mechanisms; and
- Identify opportunities to outsource services.

There will also be a commitment to engage with the contractors when contracts are nearing an end to work together to lower costs by better processes prior to the commencement of a new contract period.

- Selected Civic Events.

The consultant has commenced this review. A draft report is expected by late August 2014.

- Selected Cultural Events.

The consultant has commenced this review. A draft report is expected by late August 2014.

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**Progress of the Cost Efficiency and Service Reviews Program**

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**Service reviews not yet commenced (Phase 2)**

- Advertising, Marketing and Promotions (statutory and discretionary).
- Landscape Maintenance (arterial roads, east-west).
- Mowing (arterial roads, east-west).
- Street Sweeping (comparison of in-house and contractor service; review of current service level compared to original service model).
- Overhead Costs for Internal Service Providers (Financial Services, Human Resources and Information Technology).

**Cost efficiency reviews not yet commenced (Phase 2)**

- Christmas decorations.
- Elected Member requests.
- Building rental (to determine cost per square metre for the Administration Building, Civic Centre and Joondalup Library).
- Security patrol services (to benchmark current service level against other service models).
- Street lighting (to determine costs for decorative and non-Western Power assets).
- Street tree maintenance (to benchmark current service level against other service models).
- Domestic rubbish collection (to review current service levels).

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**Progress of the Cost Efficiency and Service Reviews Program**

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**Activities listed for review not yet commenced or scheduled**

- Automation of internal approval processes.
- 2014/2015 Suppliers (Aspect Security, Insight Call Centre Services, Bunnings, IT Equipment).
- 2014/2015 Suppliers with an Infrastructure Services focus (Devco, Geoff's Tree Services, Joondalup Plumbing, Tapps Contracting, Triton Electrical, Wanneroo Caravans, Wanneroo Electrical).
- City Watch hotspots.
- Communication devices.
- Graffiti removal services.
- Overhead Costs for Internal Service Providers (Strategic and Organisational Development, Executive and Risk Services).
- Library services costs per capita and membership.
- Parking services (review of current service level of use of hand-held technology compared to original service model).
- Recruitment costs per new starter.
- Waste management (to determine new costs for residential; recycling).
- Weed spraying costs per natural area hectares; roads and paths per liner metre.
- Bus shelter contract (due to current contract soon to expire).
- Parking schemes (review of administrative costs of compliance).
- Benefits of online payments (for rates, licences etc).

**Progress of the Cost Efficiency and Service Reviews Program**

**Current Practice**

The City currently undertakes reviews of activities as part of normal business practice within all business units. These include:

AREA/ACTIVITY	OUTCOME
Executive Corporate Reporting.	<p>The current executive corporate reporting system is made available via dashboard functionality accessible on the City's internal Intranet.</p> <p>The system has been enhanced using internal resources and now provides greater analysis of the City's operations and will be a valuable tool to assist with the cost efficiency and service reviews program, as well as being used by Directors and Managers to continually monitor and improve productivity/service levels.</p> <p>The collection of data and information is now 95% automated, which equates to a saving of approximately 12 hours of staff time per month. As the data and information is being extracted from other corporate systems it is now using an increased amount of live data.</p> <p>Some of the improvements include showing organisational work capacity, leisure centres attendance/membership and utilisation rates of dry hire space; financial reporting showing performance of individual directorates as well as the overall City performance, number of infringements and notices issued and the costs associated with utility charges (electricity, gas, scheme water).</p>
Park Operations (Cost and Efficiency Savings).	<p>A labour review has been undertaken due to the addition of extra landscaped areas (including irrigation) in the following locations:</p> <ul style="list-style-type: none"> <li>• Eastern section of Burns Beach Road (26,626m<sup>2</sup>).</li> <li>• Western end of Hodges Drive (6,336m<sup>2</sup>).</li> <li>• Shenton Avenue (23,822m<sup>2</sup>).</li> <li>• Bramston Park (39,359m<sup>2</sup>).</li> <li>• Three entry statements (approximately 7,000m<sup>2</sup>).</li> </ul> <p>This additional workload will be undertaken with no additional resources. Based on current contractor prices submitted, the cost for landscape and turf maintenance is \$1.95 per square metre, which equates to a saving of <b>\$201,129</b>.</p>

**Progress of the Cost Efficiency and Service Reviews Program**

AREA/ACTIVITY	OUTCOME
<p>New facilities (Cost and Efficiency Savings).</p>	<p>The in-house design and project management of the Currambine Community Centre saved the City approximately <b>\$150,000</b>. This model will be replicated for all new major projects.</p> <p>Savings from changes to other services such as gutter cleaning, pump servicing, water filters and pest control represents a total annual saving of <b>\$50,000</b> per annum.</p> <p>A grant from Lotterywest for <b>\$25,000</b> allowed for the fit-out of the youth space at the Currambine Community Centre.</p>
<p>Cleaning Services (Cost and Efficiency Savings).</p>	<p>Estimates for contractor cleaning of the new facilities of Currambine Community Centre and Admiral Park were \$82,410 per annum. The reduction in the cleaning of office areas within the Administration Building and the Works Operation Centre from five days to three and two days respectively has allowed the cleaning of the new facilities within current capacity with no additional costs.</p>
<p>Traffic Engineering (Cost and Efficiency Savings).</p>	<p>The in-house design of traffic engineering during 2013-14 has realised a savings to date of <b>\$51,000</b>.</p>
<p>Outside Workforce (Efficiency Saving)</p>	<p>The introduction of a hotline for outside workforce to report maintenance/customer requests whilst undertaking their normal duties. This new service will be monitored for efficiency and effectiveness.</p>
<p>Community Development (Cost and Efficiency Savings)</p>	<p>A review of the City's publication <i>My Money, My Life</i> during 2013-14 realised a saving of <b>\$12,000</b> due to disseminating the publication electronically via the City website and Youth website.</p> <p>A review of the Community Development sub-unit took place between October 2013 and February 2014 which resulted in staff positions being moved from youth services to community development to better meet the outcomes of <i>Joondalup 2022</i>.</p> <p>The better use of volunteers across the Community Development and Library Services business unit is assisting with program support and implementation.</p> <p>The community transport program has a pool of 18 volunteers who drive the buses and provide care assistance. The current rate of economic value attributed to volunteering as used by the Department of Local Government and Communities is \$32.53 per volunteer hour.</p>

**Progress of the Cost Efficiency and Service Reviews Program**

AREA/ACTIVITY	OUTCOME
Library Services (Cost and Efficiency Savings).	<p>The Information Technology business unit initiative for installing Wi-Fi at Whitford Library resulted in the cost being \$1,100 rather than \$9,940 as outlined in the business case. This is an <b>\$8,840</b> saving from the 2014-15 Budget.</p> <p>Electricity charges for all City libraries were reviewed for the 2014-15 Budget which resulted in a reduction of <b>\$8,600</b> for predicted electricity costs.</p> <p>Staff uniforms were reviewed in 2013-14 and a cost saving of <b>\$5,000</b> was identified.</p> <p>A review of the periodical subscriptions for libraries was undertaken in 2013-14. While not identifying significant savings it did demonstrate value for money is being achieved.</p>
Organisational Development (Cost and Efficiency Savings).	<p>A comprehensive review of the rating services administration process was conducted, resulting in automating the generation of direct debit confirmation letters, automatic update of recurring direct debit payment and others. This will save staff time to attend to other functions and an estimated <b>\$4,000</b> in overtime cost during peak rating period, as well as reducing staff work pressure.</p> <p>As part of the City's <i>Leadership Development Program</i> a commitment has been made to examine time wastages.</p>
Financial Services (Efficiency Saving).	<p>The City's <i>Investment Policy</i> was reviewed which resulted in the reduction to the minimum counterparty credit rating to "A". This allows for 10% of the portfolio to be invested with entities that offer higher investment return with limited credit risk. The additional revenue from those entities as a result is estimated to be <b>\$25,000</b> per annum.</p> <p>Instead of a single tender evaluation method a number of more effective tender evaluation methods that are more appropriate for different types of tenders to ensure those that provide better value for money are clearly identified.</p> <p>E-Quotes were introduced to take advantage of prices of WALGA approved suppliers and increase the efficiency of the City's quotation process.</p>

**Progress of the Cost Efficiency and Service Reviews Program**

AREA/ACTIVITY	OUTCOME
Financial Services (Efficiency Saving).	<p>With the assistance of the Information Technology business unit a new outstanding debtors report has been developed to be generated weekly to all business units to initiate timely follow up action on unpaid debtors invoices issued by business units to improve the debt collection process.</p> <p>A review currently underway relates to fringe benefit tax reduction strategies which if implemented can reduce the fringe benefit tax liability of the City.</p>
Ranger Services (Cost Saving).  (Efficiency Saving; Cost Saving yet to be realised).	<p>Given the successful implementation by the City of the <i>Cat Act 2011</i> a reduction of <b>\$20,000</b> was identified for the 2014-15 Budget due to a reduced marketing campaign and no need to purchase additional equipment.</p> <p>The introduction of an electronic infringements system allows for notices to be printed in the field using a Bluetooth printer. Data is automatically uploaded to the City's corporate systems upon return to Administration Building.</p> <p>System also allows access to the City's corporate systems whilst in the field allowing operators to log or close customer requests and search for animal registration details or owner/property details.</p> <p>This change of service has realised an efficiency saving of approximately \$10,000 per year of employee costs, allowing for this saved time to be applied to other service requirements. This change of service will be monitored for efficiency and effectiveness.</p>

**Progress of the Cost Efficiency and Service Reviews Program**

AREA/ACTIVITY	OUTCOME
<p>Recruitment (Efficiency Saving; Cost Saving yet to be realised)</p>	<p>Human Resources in consultation with Marketing and Communications undertook a review of social media platforms (Twitter, Facebook, YouTube and LinkedIn) for their applicability in the recruitment process. Recruitment costs for 2013-14 were \$85,095, a saving of <b>\$164,905</b> from original budget.</p> <p>In 2013-14 the City made a deliberate move away from print advertising for vacant positions to predominantly on-line channels. This has resulted in a reduction in the recruitment budget for 2014-15 of <b>\$130,000</b> from the previous year with other efficiency gains in officer administration time.</p>
<p>Leisure and Cultural Services (Cost and Efficiency Savings).</p>	<p>Implementation of a revised bump in strategy for some cultural events has realised a saving on overtime as well as improving occupational safety and health outlook. This is a cost saving of 26.7% or <b>\$25,698</b> for 2013-14.</p> <p>A direct debit payment option has been introduced for 288 squad swimmers which has reduced administration resources by 12 hours or <b>\$602</b> per month (<b>\$7,224</b> for 12 months).</p> <p>Online nominations and fixtures were introduced two seasons ago for team sports. The first season saw approximately 20% of customers nominate online and the current summer season resulted in 90% of customers nominate online.</p> <p>The fixtures online webpage is one of the most popular hits on the leisure centres website.</p> <p>Self service kiosks have been introduced to group fitness ticketing which has reduced the visits to reception by members in excess of 7,500 per month. This has enabled resources to be adjusted and an increased focus on customer service.</p>

**Progress of the Cost Efficiency and Service Reviews Program**

Reviews of activities as part of normal business practice within all business units **previously reported** to the Audit Committee in August 2013 include:

AREA/ACTIVITY	OUTCOME
<p>Non-Domestic Waste Collections within Parks, Reserves, Foreshores, Car Parks, City Centre and Bus Stops.</p> <p>(Cost and Efficiency Savings).</p>	<p>Cost identified for servicing each bin by the City – \$4.36 (based on the volume of tonnage tipped during 2012-13). This includes labour, fleet utilisation, overhead costs and tipping fees (costs for external providers ranges from \$6.97 to \$9.38 per bin).</p> <p>Tighter control of the receiving and processing of invoices identified a saving of <b>\$7,920</b> per annum (emptying of bulk bins situated at 20 community facilities).</p> <p>This review has been completed and has revealed a number of areas where efficiencies can be made that will improve services, reduce operational costs and also increase capacity that may present the City with an opportunity to attract additional revenue without the need for additional resources.</p> <p>As of July 2014 71 bins have been removed at various locations across the city. These include bins located in parks (34), building locations (5) and bus stops (32). This equates to 3774 less bin services per year. An audit of mobile garbage bins (MGB) will be completed by September 2014 which will identify further locations where bins can be removed. These changes will result in operational efficiencies and financial savings estimated at <b>\$40,000</b> per annum.</p>
<p>Provision of E-Learning Programs in City Libraries.</p> <p>(Efficiency Review).</p>	<p>Review recommended that the City continue the ongoing delivery of the suite of e-learning programs within the existing financial and staffing capacity, given the annual cost to deliver the four programs is \$6,137.</p>
<p>Waste disposal charges.</p> <p>(Cost Saving).</p>	<p>Reduced landfill rate per tonne has identified a saving of <b>\$1.6 million</b> per annum. City staff had significant involvement in achieving these savings.</p>

**Progress of the Cost Efficiency and Service Reviews Program**

AREA/ACTIVITY	OUTCOME
<p>Metal recycling from bulk collection.  (Cost Saving).</p>	<p>IMS has trialled the pre collection of metals from bulk verge collection and have shown it can be done at \$75/t compared to the bulk collection cost of \$240/t. This diversion from landfill will be included in the new bulk contract and should generate savings on the contract price.</p> <p>The seven months metal recycling from bulk pilot in 2013-14 saved <b>\$32,448</b> (this being the difference between collection/landfill cost under the old system and the new system that results in the metal being recycled). There is also a non financial environmental benefit to recycling the metal.</p>
<p>Mattress recycling from bulk collection.  (Cost Saving).</p>	<p>Mattresses from bulk verge collections are now recycled at a cost of \$14, whereas they were previously included as landfill at a cost of \$25. This has identified a saving of <b>\$25,000</b> during 2013-14. This diversion from landfill will be included in the new bulk contract and it is also expected to generate savings on the contract price.</p>
<p>Street Lighting Maintenance.  (Efficiency Saving; Cost Saving yet to be realised).</p>	<p>The new contract began on 1 Jan 2014 and contained improved management controls. Initial signs are good and the service is definitely improved and spend is under control.</p> <p>The data is showing a steady reduction in the number of street lighting enquiries being received by the city which can be attributed to the improvement in response and resolution being delivered by the new contractor.</p> <p>In time it is envisaged that better control of the contract and improved maintenance will generate some savings on the contract price.</p>
<p>In-house Resourcing of Electrical Expertise.  (Cost and Efficiency Savings).</p>	<p>An Electrical Projects Officer position was created July 2013 in order to bring electrical expertise into the City to improve the management of electrical projects. This has proved to be very effective and savings realised to date include:</p> <ul style="list-style-type: none"> <li>• <b>\$149,000</b> on a floodlighting project due to the change of supply specification to an alternative option to save supply costs.</li> <li>• <b>\$40,000</b> for the Entry Statement Project. (Challenge of Western Power costs for power connection).</li> </ul>

**Progress of the Cost Efficiency and Service Reviews Program**

AREA/ACTIVITY	OUTCOME
	<ul style="list-style-type: none"> <li>• <b>\$12,000</b> on a contract variation cost (cost to be borne by external design company for incorrect specification).</li> </ul> <p><u>Recharging design and supervision costs to grants</u> – IMS has (justifiably) increased its charging of design costs to grant funded projects which will save an additional <b>\$20,000</b> in 2014-15.</p>
<p>Grant Funded Projects (Design and Supervision Costs). (Cost Saving).</p>	<p>Design and supervision costs have been included in some grant funded projects, which has identified a saving of <b>\$20,000</b> during 2013-14.</p>

## Options and Alternative Mechanisms

(To review and analyse levels of expenditure of City services and activities)

### ATTACHMENT 2

#### CITY'S APPROACH

It is essential that the City examines all aspects of its operations to identify efficiencies, cost savings, and revenue generation opportunities. A methodical and structured review program is necessary to provide solid and reliable information on which decisions can be based.

This program will assist the Chief Executive Officer to meet the key deliverable to develop a program for review of City Service Levels and report to Council on modifications / improvements recommended.

The City's approach to reviewing and analysing levels of expenditure of services and activities (with the objective of improving efficiency) will be:

1	<b>Topic Selection</b>	Via the annual budget/planning process, Chief Executive Officer and ISO:9001 Quality Management System Audits.
2	<b>Review Methodology</b>  <i>(dependant on activity being reviewed)</i>	<p><b>Cost Efficiency and Service Reviews</b> – including the use of delivery and needs assessments, and value for money audits.</p> <p><b>Performance Audits / Reviews</b> as guided by the Standard on Assurance Engagement ASAE 3500 Performance Engagements (as advised by the Office of the Auditor General).</p> <p><b>Cost Management Program</b> – procurement value for money reviews; value for money audits; activity based costing; market testing and benchmarking.</p> <p><b>Structured Cost Reduction</b> – long-term aim to continually challenge the cost base, monitoring the relationship of costs incurred to outcomes achieved and aspiring to create an environment for continuous improvement (top-slicing of budgets or indiscriminate cost-cutting can leave organisations exposed and unprepared for the future and can lead to higher overall costs or the displacement of costs elsewhere).</p> <p><b>ISO 9001:2008 Quality Management Systems Audits.</b></p>
3	<b>Outcomes</b>	<p><b>Tactical Efficiency Savings</b></p> <ul style="list-style-type: none"> <li>• Quick wins.</li> <li>• Prioritisation, localised cost savings / process improvement / performance improvement.</li> </ul> <p><b>Strategic Operational Realignment</b></p> <ul style="list-style-type: none"> <li>• Cost:value ratio – better utilisation / optimisation of people, processes, technology, procurement, capital assets.</li> <li>• Change customer expectations / consider alternative delivery models / shift customer channels.</li> </ul> <p><b>Sustainable Cost Reduction</b></p> <ul style="list-style-type: none"> <li>• Structured cost reduction program / transformational change program.</li> <li>• Ongoing embedded cost management and continuous improvement.</li> </ul>

## Options and Alternative Mechanisms

(To review and analyse levels of expenditure of City services and activities)

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### OPTIONS AND ALTERNATIVE MECHANISMS

#### 1 Cost Efficiency and Service Reviews

Preliminary research of leading practice approaches for service reviews has been undertaken. This included reviewing a 2012 study of service delivery reviews by the Australian Centre of Excellence for Local Government. The study reveals that progressive local governments have implemented a formal system for reviewing the services they provide to their communities, and such processes had achieved tangible outcomes and community benefit. The study suggests that such reviews can identify opportunities for:

- Service and activity improvements.
- Cost savings.
- Service level adjustments.
- Alternative modes of service delivery.
- Improved resource usage.

Components of these reviews include:

- Where are we now – analysis of current direction, service levels and costs.
- Where do we need to be – analysis of change drivers for service and service levels.
- Gap analysis – identify the gap between the current and future provision.
- How can the gap be resolved – options and implications for reducing the service level gap.
- Determining new affordable service levels.
- Identifying performance measures for successful service delivery.

Following the 2012 study review, the Australian Centre of Excellence for Local Government has recently released the *Service Delivery Review – A How To Manual for Local Government*. Relevant sections of this manual will be applied to the cost efficiency and service reviews program and will provide an evidence base to understand how efficiently and effectively the operations of the City are.

Delivery and needs assessments will be undertaken to provide a rating of the activity being reviewed, and value for money audits will be used for the assessment of sound and strategic management, strategic commission and good governance, and the management of natural resources, assets and people.

## Options and Alternative Mechanisms

(To review and analyse levels of expenditure of City services and activities)

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### 2 Performance Audits / Reviews

Advice was sought from the Western Australian Office of the Auditor General on the conduct of efficiency and effectiveness reviews.

The focus of these reviews is to identify waste, to determine whether activities contribute [to the vision and aspirations of the City's *Strategic Community Plan 2012-2022*] or provide value for money.

The audit methodology used is guided by the *Standard on Assurance Engagement ASAE 3500 Performance Engagements*.

This Standard states:

- That the **objective** of a performance engagement is to enable the assurance practitioner to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party by reporting on assertions, or information obtained directly, concerning the economy, efficiency or effectiveness of an activity against identified criteria.

In expressing [this] conclusion the assurance practitioner uses professional judgement to assess the performance of an activity against the identified criteria and whether:

- (a) performance is within the tolerances of materiality (that is, the activity has been carried out economically, efficiently or effectively); or
  - (b) performance is outside the tolerances of materiality (that is, the activity has not been carried out economically, efficiently or effectively).
- The assurance practitioner shall **assess** the appropriateness of the activity as the subject matter, in terms of:
    - (a) being identifiable, and its performance capable of consistent assessment against identified criteria; and
    - (b) ensuring the information about it is capable of being subjected to procedures for gathering sufficient appropriate evidence to support a reasonable assurance or limited assurance conclusion, as appropriate.
  - The assurance practitioner shall consider materiality and performance engagement risk when planning and conducting a performance engagement. The assurance practitioner needs to consider materiality and performance engagement risk together when:
    - (a) determining the nature, timing and extent of evidence gathering procedures; and
    - (b) evaluating whether the assertion or information concerning the economy, efficiency or effectiveness of the activity is free of misstatement.

## Options and Alternative Mechanisms

(To review and analyse levels of expenditure of City services and activities)

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### 3 Cost Management Program

The *Strategic Community Plan 2012-2022* has an objective to seek out efficiencies and regional collaborations to reduce service delivery costs and the *20 Year Strategic Financial Plan 2011-2013* includes cost efficiency targets.

It is important to note that when introducing, adjusting or increasing service levels or programs, a cost benefit analysis must be undertaken to determine whether the identified return on investment is realised.

A Cost Management Program (which is the process of effectively planning and controlling the costs involved in a business) is one method that can assist.

Such a program would include:

- Procurement Value for Money Review – establishment of measurable metrics and a forward strategy to define procurement benefits. For example, establishing market costs and the City's target costs could identify savings expected for future new contracts, delivered through the use of procurement tools.
- Activity Based Costing – to identify indirect and support resources, the impacts of high cost and ineffective process activities and recommendations for operational improvements.
- Market Testing – comparison of costs to other service providers (and the identification of reasons for difference), build relationships with other service providers to share information on costs and identify opportunities for efficiency improvements.
- Benchmarking – to keep the City informed of the costs and income of other service providers, to use external information to compare City costs to external data and understand the reasons for differences and to use this information as part of budget reviews.

## Options and Alternative Mechanisms

(To review and analyse levels of expenditure of City services and activities)

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### 4 Structured Cost Reduction

The United Kingdom National Audit Office has published *A Short Guide to Structured Cost Reduction*, which its Summary states:

“Departments are under increasing pressure to reduce costs. The scale of cost reduction required means that they will have to look beyond immediate short term savings and think more radically about how to take cost out of the business and how to sustain this longer term. This will require strong leadership, disciplined financial management and a corresponding change in organisational culture. Our work has repeatedly highlighted areas of waste in government where complex processes, lack of information and poor planning have led to inefficiencies. These are opportunities for cost cutting. We have examined different approaches to cost reduction, from reengineering processes and the greater use of technology through to major departmental change programmes. The NAO [National Audit Office] is therefore well-placed to set out its expectations of the effective management of cost reduction.” (p.g 2).

“To meet this challenge, departments must look beyond immediate short-term ‘efficiencies’ and think more radically about how to take cost out of the business long term. Uniform top-slicing of budgets or indiscriminate cost-cutting can leave organisations exposed and unprepared for the future and can lead to higher overall costs or the displacement of costs elsewhere.” (p.g 3).

“The long-term aim should be for departments to heighten their competence in cost management and to be continually challenging the cost base, monitoring the relationship of costs incurred to outcomes achieved, and aspiring to create an environment for continuous improvement. This is important when managing business as usual activities and ongoing projects, but should also be considered at the policy design stage and when planning new initiatives.” (p.g 4).

The Short Guide outlines the following principles to achieve the goal of structured cost reduction:

- A data-driven approach to understanding, comparing and interrogating costs.
- A change in organisational culture.
- An analytical framework for assessing opportunities to reduce costs – understanding cost levers.
- An analysis of the cost:value ratio.
- A comprehensive risk assessment.
- A robust evidence-based cost reduction strategy.
- Accountability.
- A focus on realisation.
- A business as usual approach to cost reduction.

## **Options and Alternative Mechanisms**

(To review and analyse levels of expenditure of City services and activities)

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### 5 ISO 9001:2008 Quality Management Systems

The recently introduced quality management system within the Infrastructure Services Directorate enhances the City's commitment to continuous improvement and customer service and is being used in conjunction with the Cost Efficiency and Service Reviews program. This also links to the *Strategic Community Plan 2012-2022* objective to continuously strive to improve performance and service delivery across all corporate functions.