



## **COST EFFICIENCY AND SERVICE REVIEWS**

### **Approach**

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The Chief Executive Officer has previously considered the need to undertake a comprehensive organisation wide service level review and made a commitment in July 2013 to initiate a rolling program. 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.

A comprehensive service level review program is a critical step in the path to becoming a sustainable City when integrated with the outcomes of the Integrated Planning and Reporting Framework.

### **Purpose of a Service Level Review Program**

- To achieve savings and income generation.
- To review service levels and service standards.
- To explore opportunities for shared service with other local government and government agencies.
- To improve service delivery methods.
- To optimise resource usage.
- To demonstrate proactive and strong leadership.
- To address political and community pressures.

Fundamentally the service level review process is aimed at improving service delivery, demonstrating value for money, and providing value for money to the local community. It asks the key question as to whether the City is delivering the right level of service at the right cost.

### **Components of a Service Level Review Program**

The process can generally be broken up into the following components:

- Where are we now – analysis of current direction, current 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.

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It is important to also understand where the service level review program fits in the context of the Integrated Planning and Reporting Legislation and Framework.

Service levels relate to:

- Quality
- Quantity
- Safety
- Capacity
- Fitness for purpose
- Aesthetics
- Reliability
- Responsiveness
- Environmental acceptability
- Costs

### **Timing of the Service Level Review Program**

Based on the experience of others and the Chief Executive Officer, and to be sustainable, a comprehensive service review program needs to be undertaken in a methodical manner rather than one-off quick 'slash and burn' exercises. Such exercises where the current year's expenditure is reduced to allow only the minimum service level result in long term quality and service level issues, as well as the need to increase expenditure in future years to raise the quality and standard back to acceptable levels.

In recent years the cost structure of the City has changed arising from extensive community consultation and increased service levels in non-core activities such as events.

#### **Stage 1 – Organisational Service Review**

High level scan of services delivered by the City asking key questions around the services delivered, barriers and challenges, and structural changes to improve service delivery. This is an internal based review which may result in the identification of positive changes that can be made to the City's operations. The review may also identify issues requiring an in depth review for referral to Stage 2.

#### **Stage 2 – Deep Service Level Review of Core Services**

1. To re-test and confirm service levels within the community.
2. To review service delivery models.
3. To identify alternative models of service delivery to achieve efficiencies and service improvements.