

## ATTACHMENT 1

## Cost Efficiency and Service Reviews Program (Phase 1)

Review 1	Non-Domestic Rubbish Collections (Parks, Reserves, Foreshores, Bus-Stops)
Review 2	City's Fleet Utilisation and Operating Costs
Review 3	Building Maintenance of City Buildings
Review 4	Building Cleaning of City Buildings
Review 5	Utility Consumption of City Buildings
Review 6	Contract for the Supply and Return of Christmas Decorations
Review 7	City Building Rentals
Review 8	Domestic and Recycling Collections
Review 9	Contract for the Maintenance and Supply of Ornamental Street Lights
Review 10	Provision of Tree Maintenance Services
Review 11	Provision of Plumbing Services and Minor Works of Value Less Than \$100,000
Review 12	Provision of Electrical Services
Review 13	Improvement Project: Craigie Leisure Centre Customer Service
Review 14	Improvement Project: Rating Services Knowledge Sharing
Review 15	Contract for the Provision of Traffic Management and Control Services
Review 16	Selected Civic Events
Review 17	Selected Cultural Events

<b>Realised Savings / Revenue</b>	\$61,663 (to date)
<b>Potential Savings not yet realised</b>	<ol style="list-style-type: none"> <li>1. A major review of procurement and contract management has been scheduled for 2015/2016 where potential savings within the contracts reviewed (plus others) may also be identified</li> <li>2. Review of implementation of agreed outcomes / recommendations of these reviews will commence during 2015/2016, which will be able to establish the identified potential savings</li> </ol>
<b>Other Review Outcomes</b>	<ol style="list-style-type: none"> <li>1. Process improvements</li> <li>2. Reduced risks</li> </ol>

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### INTRODUCTION

It is essential that the City examines all aspects of its operations to identify efficiencies, cost savings and revenue generation opportunities.

The review of the City's activities will ensure the effective and efficient allocation of resources and service levels. Cost efficiency targets are essential to ensure the City's *20 Year Strategic Financial Plan* and *Strategic Community Plan* is achievable.

A methodical and structured review program is necessary to provide solid and reliable information on which decisions can be based. The research undertaken of leading practice approaches for service reviews included reviewing a 2012 study which produced a how to manual for local government titled *Service Delivery Review* by the Australian Centre of Excellence for Local Government. The study revealed that progressive local governments have employed 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

A second edition of the *Service Delivery Review* was released in June 2015 and will be used as a reference for the Phase 2 reviews.

### BACKGROUND

Since July 2013 the City has been undertaking reviews of activities in order to identify areas to reduce costs by eliminating and identifying waste and improving efficiency and effectiveness throughout the City's operations.

The Chief Executive Officer then initiated a more extensive program of reviews to be undertaken of a number of the City's activities in order to identify opportunities for increasing efficiencies, reducing waste and reducing the costs of the services. These 17 reviews are outlined in this document.

Service reviews, process mapping and continuous improvement is a long established practice at the City, where improvements plans are implemented following reviews of existing service levels. As part of the City's annual business planning process, business units are required to identify main customer groups and determine the service expectations of each of these groups.

At its meeting held on 18 March 2014 Council requested the Chief Executive Officer to prepare a report (among other things) on the options and alternative mechanisms to review and analyse levels of expenditure of City services and activities with the objective of improving efficiency (cost reduction) of the City's operations and services.

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Five major review methodologies were identified to assist with the City's review approach, which included:

- Cost Efficiency and Service Reviews
- Performance Audits/Reviews as guided by the Standard on Assurance Engagement ASAE 3500 Performance Engagements
- Cost Management Program
- Structured Cost Reduction
- ISO 9001:2008 Quality Management Systems Audits

In September 2014 Deloitte Touche Tohmatsu were engaged by the City to undertake an independent appraisal to determine if the City's review approach is:

- Appropriate and structured;
- Consistent with relevant standards, guidelines and good practice in the local government sector; and
- Likely to achieve its objectives efficiently and effectively.

Deloitte's assessment found:

- The City's approach is appropriate for individual service reviews and broadly in-line with local government guidelines; and
- Over the years, the City has embedded a culture and commitment to continuous improvement which is a key enabler to supporting the City's objectives.

Deloitte's recommendations include:

1. Align organisational resources to effectively manage and deliver business improvement activities across the organisation;
2. Adopt a consistent method to be used for subsequent service delivery reviews;
3. Strengthen the [City's] existing Project Management Framework by establishing appropriate PMO [Project Management Office] processes, tools and templates to effectively deliver and manage multiple service reviews; and
4. Extend the City's current Project Management Framework to include prioritisation of identified opportunities and the capture and management of benefits.

Deloitte's recommendations will be used to develop a framework for Phase 2 reviews, which will be referred to as the Service Effectiveness and Efficiency Review Program and will align with other City activities such as ISO:9001 Quality Management System, continuous improvement, process mapping and alignment to the Business Excellence Framework.

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### Review 1: Non-Domestic Rubbish Collections (Parks, Reserves, Foreshores, Bus-Stops)

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#### Review Scope

To identify any inefficiencies including wasted time, effort and materials and if there were opportunities to reduce costs while improving quality for non-domestic rubbish collections.

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff involved in waste management.

The review also included examination of all information relating to the collection of waste including collection schedules, in-house service costs and contractor costs.

#### Key Findings

1. A comprehensive audit should be initiated to establish the number of mobile garbage bins and their exact locations within the City. The unique reference number of each bin should be captured and all information stored in a central register. Consideration should be given to mapping bin locations on the City's GIS system.

*Management comment: this audit has been completed and the exact location of 840 public litter bins has been recorded. The information collected will be added to the City's corporate system.*

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2. The servicing schedules and waste collection records should be reviewed in order to develop new servicing schedules that eliminates or minimises unnecessary time and travel or servicing of bins.

*Management comment: new bin emptying schedules were put in place in August and September 2014.*

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3. The review of the servicing schedules and waste collection records should be used to identify bins that are rarely or infrequently used with a view to removing or relocating them without adversely impacting on service.

*Management comment: an initial review was completed with a number of bins at bus stops being removed based upon April 2014 passenger figures from the Department of Transport.*

*A second review was completed in August 2014 with additional low use bins being removed. Overall, an annual reduction in bin services of 8,400 has been achieved by removing 115 low use bins.*

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4. The system for recording and storing of waste collection data should reflect the process map within the Quality Management System for which the City has been ISO9001 accredited.

*Management comment: review has been completed and new process updated in June 2015.*

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5. Invoice processing for Cleanaway invoices should be improved to ensure payment is made by the City within the required payment terms that eliminates the late payment surcharge for each invoice. Cleanaway should be requested to provide one invoice per month to cover all 20 community facilities.

*Management comment: process improved as outlined above.*

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6. Staff from Infrastructure Services responsible for servicing dog waste disposal bins should also be responsible for replenishing the bins with the disposal bags.

*Management comment: this service was reallocated to Infrastructure Management Services in January 2015.*

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7. An internal decision making process should be developed to help determine when requests to the City for extra bins may be accepted or refused. Consideration should be given to including the bin requirements for parks within the City's Parks Classification Framework.

*Management comment: a new process (in line with ISO9001) was put in place in January 2015.*

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8. The feasibility of providing a commercial waste collection service should be explored by the City.

*Management comment: the City is not in a place to enter commercial collections at this time; therefore this recommendation has not been progressed.*

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### Review Outcome

- √ Savings totalling \$24,420
    - \$7,920 per annum with improved invoice payment processes
    - \$13,500 per annum due to reduction in bins
  - √ Process Improvements
  - √ Reduced Risks
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### Review 2: City's Fleet Utilisation and Operating Costs

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#### Review Scope

To review the utilisation and operating costs of light vehicles (including utility vehicles and those with commute and/or private use). The aims of this review are to identify opportunities for:

- Service and activity improvements
- Assisting longer-term financial sustainability
- Ensuring value for money and operational efficiency
- Service level adjustments
- Considering alternative modes of service delivery
- Improved utilisation of available resources

#### Review Approach

This review was undertaken externally and included an entrance meeting to obtain a high level understanding of the City's fleet and the scope for review.

Interviews were held with the Manager Operation Services to discuss:

- The strategy for the area and how the area is managed and the related activities to deliver this strategy;
- Service drivers (statutory, financial and operational);
- Any activity undertaken by Management to evaluate service levels or challenge the status quo e.g. in-house, outsourced or changes in suppliers;
- Other key employees working within related areas to build upon our understanding;
- Non-financial systems involved in the service provision;
- Reports from other relevant sources such as consultants and follow up status of any recommended actions; and
- Management reporting within the team.

Interviews were also held with other relevant key staff involved in fleet management.

The review also included the examination of relevant supporting documentation.

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### Review 2: City's Fleet Utilisation and Operating Costs

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#### Key Findings

##### 1. Level of Vehicle Use

Management should review the usage of the vehicles to determine if the level of business and overall use is sufficient to support a business case for the provision of low usage vehicles by the City. Monitoring of this nature should be performed periodically and in particular when new or replacement vehicles are being assessed.

In order to gain more meaningful information in respect of the utilisation of fleet for business purposes and advise strategy, consideration should be given to employees providing more detail within logbooks at all times and for all journeys taken in a fleet vehicle. The logbooks should be regularly reviewed and the level of business use analysed for all light vehicles and the information considered alongside exception reporting of fuel use; kilometres; and other costs of running the fleet vehicles by Fleet Management. This will help to ascertain if vehicles are the most appropriate use of the City's resources and enable greater visibility of compliance with the City's usage policies and the efficient use of fleet. This will inform strategy with regards to the provision of vehicles and whether vehicles should be replaced at the end of their useful life if it is deemed there is insufficient benefit to the City.

*Management comment (as previously reported to Audit Committee): The logbook details satisfy the Australian Taxation Office requirements for Fringe Benefit Tax purposes. Private and business use is separately recorded. Officers granted restricted private use will have a higher percentage of non-business use but that use is part of their employment package or conditions.*

*Vehicles usage not linked to an employment contract are reviewed prior to replacement of the vehicle.*

There is potential for the use of the GPS system to overcome some of the shortcomings of both the logbooks and the lack of reporting from Outlook and should be considered as part of the upcoming GPS implementation review.

*Management comment (as previously reported to Audit Committee): the City is currently trialling GPS technology.*

**Updated management comment:** 12 vehicles have been fitted with GPS. Utilisation reports are produced showing the time that vehicles are parked compared to being out on site.

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#### 2. Vehicle Booking System

Detailed review of custodian usage should be performed to ensure that it is appropriate and that sufficient business usage demand during the day exists.

*Management comment (as previously reported to Audit Committee): the City's new fleet management system now produces a monthly report showing the maintenance costs and costs per kilometre. This report is reviewed by Directors and Managers.*

*It is envisaged that the GPS tracking system will also be a useful tool to monitor usage.*

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#### 3. Strategy and Guidance

Management have identified the need to update the strategy on a regular basis and this is scheduled for 2014/15 as is a review and update of HR0007 [internal protocol]. This should include the user schemes offered, the importance of the use of user schemes from a Human Resource pooled fleet perspective and an expected level of business usage, not just cost of the fleet and planned purchases and disposals.

Consideration could also be given to greater use of salary sacrifice and novated leases and the frequency upon which the suppliers to fleet are reassessed, such as WALGA or open market purchase of vehicles and fuel, along with other findings raised within this report.

*Management comment (as previously reported to Audit Committee): due to the limited number of fleet vehicles, reducing the fleet would disrupt operational requirements. Unlike other local government authorities, the City requires the Executive and Management Teams to provide their own vehicles, which represents significant cost savings.*

*The use of novated leases would then remove the vehicle from being part of the pool fleet which would also disrupt operational requirements.*

**Updated management comment:** *the internal protocol HR0007 (City Owned Motor Vehicle Allocation and Usage) was reviewed in 2014 and the associated administration processes were strengthened, such as all vehicle use being documented and Chief Executive Officer approval for both positional and individual level. Fleet Management are also notified of any changes to allocation and usage. The protocol will be updated before 31 December 2015 by the Manager Human Resources.*

*The monthly review by the Chief Executive Officer of the operating costs of fleet vehicles (with the exception of trucks, tractors, etc) provides a further level of rigour to allocations and usage.*

*As previously mentioned, unlike other local government authorities, the City requires the Executive and Management Teams to provide their own vehicles (21 in total), which represents significant cost savings on maintenance and vehicle purchases.*

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### Review 2: City's Fleet Utilisation and Operating Costs

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#### 4. Size of Vehicle

Since the strategic direction of the City is to downsize all light fleet vehicles to 4 cylinders, the purpose of the three vehicles which do not fit with strategy should be reviewed to establish whether smaller vehicles would be fit for purpose.

*Management comment (as previously reported to Audit Committee): the City's Fleet Asset Management Plan states that there is a focus to downsize to 4 cylinder vehicles to lower fuel cost but they must also be fit for purpose. The two 6 cylinder wagons run on LPG and fuel running cost is comparable to 4 cylinder vehicle cost (these vehicles are required to carry large items/equipment). Vehicle specifications are reviewed when replacements are considered*

*The third vehicle is allocated to the Mayor; which is a personal choice and approved by the Council.*

**Updated management comment:** *two 6 cylinder LPG utilities were recently replaced by 4 cylinder diesel utilities. Downsizing will continue in the 2015/2016 replacement programme.*

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#### 5. Appropriateness of Vehicle

When replacing or purchasing new vehicles greater consideration should be given to the true use of the vehicle and whether operational role requirements can be met through the allocation of a sedan as opposed to a utility vehicle. This consideration should also include if a vehicle is required at all or if pooled vehicles could be used given the low business utilisation of some of them.

*Management comment (as previously reported to Audit Committee): noted – utilities used for commuting use are exempt from fringe benefit tax, whereas sedans incur substantial fringe benefit tax cost (approximately 20% of the purchase price per year). This issue is examined with each vehicle replacement.*

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#### 6. External Consultants

Consideration should be given to engaging Uniqco to undertake a detailed review of the City's fleet as previously performed in 2008. The information provided by Uniqco in recent newsletter updates relates to optimum turnover of vehicles based on cylinder size as well as the best replacement vehicles based on whole of life costs, but is not tailored for the City. This would also inform the revision of the Fleet Strategy.

*Management comment (as previously reported to Audit Committee): a review of the whole of life costs was completed by Uniqco in September 2011, which informs all motor vehicle acquisitions. This information will also be used when updating the City's Fleet Asset Management Plan.*

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**Updated management comment:** *Fleet Services subscribes to the IPWEA (Institute of Public Works Engineering Australasia) Fleet-Plus subscription and receives regular updates on fleet issues. Officers also attend seminars to keep up-to-date with issues including optimum replacement intervals.*

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#### 7. Vehicle and Fuel Suppliers

An exercise should be performed to identify if the best value for money is obtained through using the WALGA panel for purchasing vehicles and fuel. This should include comparison to the open market and the finance available to the City, as opposed to paying cash for vehicles, which would free up working capital.

*Management comment (as previously reported to Audit Committee): WALGA do not have a light vehicle common use contract, however they have been able to negotiate special discounts on certain limited vehicles.*

*Vehicles are purchased using the WA State Government Procurement Contract (CUA37804) and fuel is purchased using the WA State Government Procurement Contract (FUE2013) – pricing on these contracts is the lowest available.*

*Quotes received for leasing of vehicles rather than purchasing have shown to be more expensive; there are hidden costs with leasing that are identified at the end of the term. Leasing normally provides a company tax deduction although local government authorities are exempt from company tax.*

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#### 8. Vehicle Evaluation and Approval

Vehicle evaluation should be the only criteria by which vehicles are selected, with the highest scoring vehicle on evaluation being automatically selected for purchase, as opposed to user preference. If the evaluation criteria does no longer fit with the requirements of the City these should be reassessed. Human Resource recruitment and retention considerations should be included when determining strategy in this area.

*Management comment (as previously reported to Audit Committee): the three vehicles trialled were the top three from the Uniqco scoring system and as the scoring results were reasonably close a trial was arranged to gain feedback from the business unit custodians. The unanimous drivers' evaluation showed that the Hyundai i30 was the superior vehicle.*

*The review of the whole of life costs has commenced for the 2014/2015 Light Vehicle Replacement Programme and will inform the decision making process.*

**Updated management comment:** *a new process for the selection of small sedans based on whole of life costs has been approved by the Chief Executive Officer. Using this selection method, four Nissan Pulsars were purchased. The same process has subsequently been used for the replacement of nine dual cab utilities (Isuzu D-Max utilities were purchased). This new selection method will be used for vehicle replacements in 2015/2016.*

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### Review 2: City's Fleet Utilisation and Operating Costs

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#### 9. Vehicle Licensing

It is recognised that there is some value in the resale of vehicles which are licensed versus unlicensed, however it should be considered whether it is necessary to license a vehicle for a full 12 months, as opposed to a shorter term, if there is the intention to dispose of the vehicle.

*Management comment (as previously reported to Audit Committee): noted – although the date of sale cannot be predicted at the start of each financial year. There is a risk that the licence could expire prior to sale and result in a lower resale value.*

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#### 10. Vehicle Hire

While it is appreciated that in many instances short term rental is a better option for the City than buying outright, rental expenses should be monitored for appropriateness and considered when reviewing strategy and in particular when assessing the replacement of vehicles or acquiring new vehicles.

The monitoring of use and costs of buses should be undertaken by Fleet Management in order to enable reporting on the total life costs of each bus, as well as manage the end of life and potential replacement of such vehicles. This will assist in ensuring the effective overview of all Fleet and in determining the most efficient strategic approach.

Consideration should also be given by the procuring department as to whether the services for which the rental vehicle is being obtained are required and provide value for money to the City.

*Management comment (as previously reported to Audit Committee): bus running costs are captured in the fleet system and in the replacement programme and are monitored/reviewed by the Director Infrastructure Services.*

*The cost to purchase another bus would be in the vicinity of \$250,000 therefore the hire cost is considered reasonable.*

*The Community Development buses are committed to providing approved programmes and when being serviced or repaired an officer examines the need to hire or reschedule the service. In some cases other local government authorities have been contacted to request the use their bus – external hire is the last option due to the recognised high cost.*

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#### 11. Disposal of Vehicles

It is recommended that alternative disposal methods are investigated for potential returns on disposal, such as buy-back and trade-ins to ensure that the City is achieving the highest possible net return on disposed vehicles.

A documented limit of authority should be determined for the Coordinator Fleet Management, such as a percentage under the original reserve price to which vehicles can be sold without further approval. Any further difference would then need to be approved by the Operations Manager or the Director of Infrastructure Services.

The City should also develop its own expectation as to the proceeds on disposal based upon experience and use of websites such as RedBook against which to build an expectation of the auction price.

*Management comment (as previously reported to Audit Committee): buy-backs are no longer being offered by the industry due to the unpredictable used vehicle market.*

*The City is bound by section 3.58 of the Local Government Act 1996 when disposing of property and public auctions are considered the most cost effective.*

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#### 12. User Contributions

There is a need to reassess the level of contribution if the desire is still to cover the average operational cost of total or personal use.

User schemes in use should be assessed, including the level of contributions in order to ensure that the City is deriving the benefits it requires in terms of delivering the requirements of the City and a fit for purpose fleet in the most economical manner.

*Management comment (as previously reported to Audit Committee): agreed – this will be incorporated during the review of the internal protocol HR0007 (City Owned Motor Vehicle Allocation and Usage).*

**Updated management comment:** *the internal protocol HR0007 (City Owned Motor Vehicle Allocation and Usage) was reviewed in 2014 and the associated administration processes were strengthened, such as all vehicle use being documented and Chief Executive Officer approval for both positional and individual level. Fleet Management are also notified of any changes to allocation and usage. The protocol will be updated before 31 December 2015 by the Manager Human Resources.*

*User contributions are reviewed annually by the Human Resources business unit, and are adjusted as soon as the June CPI figures are released.*

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### Review 2: City's Fleet Utilisation and Operating Costs

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#### 13. Use of Own Vehicle

With respect to the reimbursement of an employee's own vehicle for business purposes, Fleet Management has no visibility of these instances and associated costs. It is recommended that the policy includes the requirement for the employee to first review the availability of suitable pool vehicles for use and/or discuss with Fleet Management, before approval is given for the use of their own vehicle. This will also enable Fleet Management to consider whether fleet is able to service the needs of the City or whether additional vehicles are required.

*Management comment (as previously reported to Audit Committee): noted, although the use of an employee's own vehicle for business purposes is appropriate if the activity attended is at the beginning or end of the day, as this reduces the need to collect and return the pool vehicle.*

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#### Review Outcome

- √ Potential savings (not yet realised)
- √ Process Improvements
- √ Reduced Risks

## Cost Efficiency and Service Reviews Program

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### Review 3 and 4: Building Maintenance and Cleaning of City Buildings

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#### Review Scope

To review building maintenance and cleaning of City buildings. The aims of this review are to identify opportunities for:

- Service and activity improvements
- Assisting longer-term financial sustainability
- Ensuring value for money and operational efficiency
- Service level adjustments
- Considering alternative modes of service delivery
- Improved utilisation of available resources

#### Review Approach

This review was undertaken externally and included an entrance meeting to obtain a high level understanding of the City's building maintenance and cleaning and the scope for review.

Interviews were held with the Manager Asset Management to discuss:

- The strategy for the area and how the area is managed and the related activities to deliver this strategy;
- Service drivers (statutory, financial and operational);
- Any activity undertaken by Management to evaluate service levels or challenge the status quo e.g. in-house, outsourced or changes in suppliers;
- Non-financial systems involved in the service provision;
- Reports from other relevant sources such as consultants and follow up status of any recommended actions; and
- Management reporting within the team.

Interviews were also held with the Manager Human Resources, Manager Leisure and Cultural Services and other relevant key staff involved in building maintenance and cleaning.

The review also included the examination of relevant supporting documentation.

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### Review 3 and 4: Building Maintenance and Cleaning of City Buildings

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#### Key Findings

##### 1. Provision of Cleaning

An exercise should be performed to review the cleaning service required by the City and the model for best delivering this, in a cost efficient manner. This should include consideration of labour, materials and all related overhead costs and the benefit that is derived by the City in terms of the benefit gained from having the flexibility of an in-house team relative to the cost savings associated with outsourcing.

*Management comment: the size of the Cleaning Team will be reviewed when vacancies arise and prior to the replacement of any permanent employee; a reduction of the team will likely occur through natural attrition due to four potential retirements in the future.*

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##### 2. Contract Cleaners

As both contracts are due to expire in the short term, quotations should be sought from cleaning suppliers to provide all the cleaning requirements of the City to the required specifications of the two different teams. This could include the two parts of the contract being separately managed by Assets and Leisure.

*Management comment: facility cleanliness is a measure in the top three expectations of Leisure Services' customers and is a significant operational focus.*

*The tender assessment for the current contract (awarded in December 2014 for three years) was based on the best value for money concept. Best value is determined after considering whole of life costs, fitness for purpose, respondents' experience and performance history, productive use of City resources and other environmental or local economic factors. Whilst the leisure centres commercial cleaning requirement differs considerably from the City's main site contract, upon expiry of the contract, Leisure and Cultural Services will consider the feasibility of cleaning services from one provider.*

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##### 3. Cleaning of Clubrooms and Changerooms

An exercise should be performed to identify the level of revenue received from clubs and any additional bookings at the facilities noted above, to determine if the current approach remains appropriate.

Coming out of this it may be the case that if the revenue is not sufficient, consideration should be given to leasing facilities to sporting clubs in order to save on the on-going cleaning costs during the club's season, or explore other opportunities to pass on the cleaning costs to the clubs, such as inclusion in the hire cost.

*Management comment: as part of the development of the Property Management Framework in 2011/2012 there was considerable work undertaken to arrive at a methodology relating to an appropriate hire fee to achieve an agreed percentage of cost recovery of the total cost to operate the facility.*

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### Review 3 and 4: Building Maintenance and Cleaning of City Buildings

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*These options were canvassed with Elected Members but were not supported given the financial impact forecasted on the community group; it was the Elected Members who prescribed the current level of subsidy offered to community groups and the conditions groups needed to meet to be eligible for the subsidy.*

*The majority of held over leases have been renewed and where appropriate, the costs for cleaning and utilities has been included.*

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#### 4. Cleaning Frequency

An exercise should be performed to determine if there are any areas where the cleaning frequency could be decreased, even for a trial period, given the recent success of similar reductions. This should include consideration of the points highlighted above.

#### 5. In-house Cleaning Teams

Outsourcing the cleaning that is perceived to have safety implications should be considered, which may enable the City's cleaners to work on their own, thus saving on travel time. This should be considered as part of finding 1.1 related to the overall approach to the provision of cleaning services.

*Management comment: the cleaning of facilities is to be guided by the City's Building Asset Management Plan 2015-2035 (updated version of the Building Asset Management Plan 2010-2030) which are based on building groups that generally define the purpose of the building, however depending on their size, location, cost of use and impact on the community, different levels of service may be afforded to buildings within the same group. Three different levels of service categories based on the criteria have been outlined in the Plan.*

*The status quo of level of service will remain until this Plan is implemented.*

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#### 6. In-house Maintenance Team and Contracts

An exercise should be performed to ascertain the value for money of the current service delivery model and the benefits attributed to the flexibility of an in-house team and if this could still be obtained externally. This should include consideration of maintaining the status quo, reducing the in-house team and fully contracting.

*Management comment: the current in-house maintenance team offers better flexibility and response times for minor maintenance requests that are not covered by current contracts. Contractors would use sub-contractors to undertake this type of work and therefore could not guarantee a consistent approach/standard.*

*One of the three positions is currently being undertaken on a temporary basis for reactive maintenance requests and will be reviewed during 2015 to determine whether the position becomes permanent.*

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### Review 3 and 4: Building Maintenance and Cleaning of City Buildings

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#### 7. Facilities Usage

Consideration should be given to implementing a strategy to encourage the Community to use the City's facilities.

Alternatively, given how low some utilisation rates are, consideration should be given as to whether these facilities are achieving their objective of serving the community and whether bookings could be moved to alternative facilities and buildings decommissioned/sold in order to provide an overall better service for the City through higher utilisation of facilities.

*Management comment: the City's Building Asset Management Plan 2015-2035 describes asset disposal as any building that is removed from the City's building stock as they may:*

- *no longer provide a service*
- *not meet the needs of the community and are not required by the community*
- *have become obsolete*
- *provide a strategic, community and/or financial advantage if they were to be removed.*

*As such, asset disposal also includes rationalisation of assets. Rationalisation is where two or more buildings become a single building to provide greater economies of scale for the construction and whole of life costs of the asset. Assets have already been identified for disposal or rationalisation and in most of the cases further investigation and feasibility needs be completed prior to the disposal or rationalisation of any building.*

*The City's Capital Works Program includes refurbishment of facilities which in some cases addresses under utilisation by making facilities more attractive, functional and relevant to community use.*

*Some facilities have public toilets and sporting changerooms attached to them which require regular cleaning and maintenance even though the main internal meeting space may not be used. This type of use is not captured in the usage statistics and therefore the facility may appear to be under utilised in the context of the cleaning and maintenance charges.*

*Facilities are booked predominantly on an annual and seasonal basis so there is potential for cleaning and maintenance regimes to be reviewed and scaled according to the regular bookings.*

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### Review 3 and 4: Building Maintenance and Cleaning of City Buildings

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#### 8. Maintenance Costs

Consideration should be given to extending the hours that the locks are used, particularly during summer and potentially the auto locks being removed.

The Key West automated toilet purchasing terms should be reviewed and if possible compensation sought from the supplier.

*Management comment: in April 2012 Council approved the opening of the City's public toilets from 6.00 am to 8.00 pm, seven days a week following the installation of automatic timed door locks and the installation of vandal proofing. The times have been reviewed and could be extended over the summer period although this would need to be presented to Council given the Council resolution.*

*A review has been undertaken of the cleaning of public toilets by City cleaners every Saturday and Sunday during summer (that are open 24 hours). It was found that some public toilets did not require a Saturday/Sunday clean but did require the toilet paper to be re-filled; cleaners would then clean the toilet while they were there. A trial of new toilet paper dispensers (that holds enough toilet paper for two days and reduces waste) was successful, with the dispensers being fitted to all public toilets opened 24 hours. It is estimated that this will save \$13,000 per annum on materials and staff costs.*

*New waterless urinal technology has also been retrofitted which reduces water usage and requires less replacement / maintenance work, saving and estimated \$3,000 per annum*

*The contract for the auto-cleaning toilet has been reworded with only ad-hoc cleaning now being required.*

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#### 9. Monitoring of Reactive Maintenance and Contracted Services

Given the inherently difficult nature of monitoring the reactive maintenance work, budgeting and the high level of spend through these contractors it is important that these contracts continue to be closely monitored, including independent review of both the performance and tendering processes.

Consideration should also be given to establishing a panel for each area of supply to reduce the risk/level of reliance on these contracts, though it is appreciated that this would require additional management time to administer.

*Management comment: agreed – an overall review of contract management throughout the City is likely to commence in the later part of 2015; these recommendations will be included in that review.*

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 3 and 4: Building Maintenance and Cleaning of City Buildings

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#### 10. Maintenance Governance and Service Levels

High level governance documents relating to assets and maintenance should be reviewed, updated and implemented to provide clear direction for managing the City's assets. The Improvement Action Plan should be implemented and tracked.

Service levels should be reviewed and priority ratings for buildings should be introduced to help prioritise work orders. This should also be included within any exercise to consider wider changes to resourcing maintenance.

*Management comment: the Asset Management Strategy 2014-2024 was endorsed by Chief Executive Officer on 6 October 2014. As at 31 December 2014, the Improvement Project Plan is progressing in accordance with the project plan.*

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#### Review Outcome

- √ Savings of \$16,000 per annum due to decreased cleaning costs
- √ Additional potential savings not yet realised
- √ Process Improvements
- √ Reduced Risks

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 5: Utility Consumption of City Buildings

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#### Review Scope

To review utility consumption of City buildings. The aims of this review are to identify opportunities for:

- Service and activity improvements
- Assisting longer-term financial sustainability
- Ensuring value for money and operational efficiency
- Service level adjustments
- Considering alternative modes of service delivery
- Improved utilisation of available resources

#### Review Approach

This review was undertaken externally and included an entrance meeting to obtain a high level understanding of the City's utility consumption and the scope for review.

Interviews were held with the Manager Asset Management to discuss:

- The strategy for the area and how the area is managed and the related activities to deliver this strategy;
- Service drivers (statutory, financial and operational);
- Activity undertaken by Management to evaluate service levels or challenge the status quo e.g. in-house, outsourced or changes in suppliers;
- Non-financial systems involved in the service provision;
- Reports from other relevant sources such as consultants and follow up status of any recommended actions; and
- Management reporting within the team.

Interviews were also held with the Manager Strategic and Organisational Development, Manager Human Resources, Manager Leisure and Cultural Services, Manager Infrastructure Management Services and other relevant key staff involved in utility consumption.

The review also included the examination of relevant supporting documentation.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 5: Utility Consumption of City Buildings

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#### Key Findings

##### 1. Subsidising Utility Costs

An exercise should be performed to review the level of subsidy that is provided with regards to utility costs to determine if this is appropriate and if a reduced level of subsidy should be considered. This should also include exploring ways of passing on any increase in cost to users such as phased increases or penalty charges for where end users are found to be repeat offenders with regards to inefficient use of resources.

It is understood that similar exercises have previously been performed, but not within the past 2-3 years.

A similar recommendation has been raised within the report on Building Maintenance and Cleaning with regards to the cost of the cleaning of clubs and changerooms not being passed on to the end-user.

*Management comment: as part of the development of the Property Management Framework in 2011/2012 there was considerable work undertaken to arrive at a methodology relating to an appropriate hire fee to achieve an agreed percentage of cost recovery of the total cost to operate the facility.*

*These options were canvassed with Elected Members but were not supported given the financial impact forecasted on the community group; it was the Elected Members who prescribed the current level of subsidy offered to community groups and the conditions groups needed to meet to be eligible for the subsidy.*

*The Craigie Leisure Centre operates within the agreed Position Statement titled Leisure Centre Operations (first adopted by Council in July 2008 and recently reviewed in August 2014) in that it is to set fees and charges to cover its operational costs.*

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##### 2. Allocation of Utility Cost to Facilities

The City should consider implementing sub-meters at shared locations where there is high consumption of electricity in order to determine inefficient usage and enable the City to obtain more detailed information to potentially pass on costs to users.

This could include installation of sub-meters at a small number of representative locations in order to determine a more accurate model for allocating costs incurred to the relevant business units servicing a facility.

*Management Comment: the City has a program of installing sub-meters when required to record usage and invoice costs to external users. The cost of sub-metering shared internal utility usage has not currently been budgeted however a few representative sites will be identified for sub-metering. Target date: 31 December 2015*

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 5: Utility Consumption of City Buildings

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#### 3. Organisational Structure for Managing Utilities

Although the decentralised approach to managing utilities is not disagreed with, as this should lead to greater ownership of usage, it is believed that the development of an electricity plan to co-ordinate activity e.g. activities noted above, through the development of a clear strategy, initiatives and action plans which could be tracked and reported by the Environmental team in the same manner as the City Water Plan. This would provide a more consistent and transparent approach to managing electricity consumption and which would have more impetus.

As an alternative to a new document this recommendation could be incorporated into the new Environmental Plan.

*Management Comment: agreed – the electricity plan will be developed by the Manager Asset Management. The scoping and timeframe for development of the plan will be undertaken during 2015/16.*

*Utility costs for electricity, gas and scheme water are analysed at business unit level and reviewed by the Executive Leadership Team on a monthly basis via the City's Corporate Reporting System.*

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#### 4. Western Power Owned Street Lighting

Western Power should be approached to investigate if it is possible to introduce energy efficient initiatives such as LED lighting to these street lights or if the City can undertake the management of them if this is financially viable. The viability of this should be explored.

*Management comment: Western Power does not currently have an approved LED light for use and so this is not an option presently. However, representations are being made through WALGA to further engage Western Power and to encourage a change to the current situation.*

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#### 5. Audits and Renewable Energy

A formal document should be established to identify all audit activity and other third party reports to ensure value for money is received from these reviews in terms of the implementation of recommendations, tracking of actions and to ensure that the frequency of performance is appropriate.

This should be reviewed at a central forum e.g. Planet Footprint meetings, to ensure that audits are performed and actions implemented on a timely basis.

*Management comment: agreed – it would be beneficial for the building audits (water and energy) to be compiled into a formal and central document in order for recommendations to be progressed and progress tracked.*

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## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 5: Utility Consumption of City Buildings

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*The City's current process for determining which recommendations are prioritised is undertaken by Asset Management and is dependent on funds available in the Environmental Upgrades Program. The water and energy audits undertaken during 2014/15 included the Joondalup Administration building, Joondalup Library Building, Joondalup Civic and Reception Centre, and Works Operation Centre. Water and energy saving initiatives were implemented as a result of recommendations in the audits.*

*Other energy and water audits undertaken during 2014/15 included Silver Chain (11 Moolanda Boulevard, Kingsley) and the Sorrento Surf Life Saving Club.*

*Leisure and Cultural Services do track the audit recommendations for the Craigie Leisure Centre and 85% of the recommendations are complete. Energy consumption has reduced by 3% (year-to-date) compared to the same period last financial year. Leisure and Cultural Services are mindful of its environmental footprint and always seeking opportunities to reduce utility consumption.*

*The buildings to be audited during 2015/16 due to high water and/or energy use include the Heathridge Leisure Centre and Heathridge Clubrooms, Warwick Community Centre, and Whitford Library and Senior Citizens Centre.*

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## 6. Allocation of Costs to Utility Cost Centres

An exercise should be performed to ensure that this incorrect allocation is not occurring within other areas, as this impacts the ability to monitor the overall cost of utilities against the relevant facility.

*Management comment: agreed – to be undertaken by Asset Management. Target date: 31 December 2015.*

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## 7. Utilities Billing Database

The naming conventions used within this database should be standardised with other databases to ensure that reference between them can be clearly identified e.g. cost centre number.

Formal exercises should be performed regularly to ensure that any changes in utility details are captured within the database e.g. lease terms or new leases.

*Management comment: agreed – to be undertaken by Asset Management. Target date: 31 December 2015.*

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## Review Outcome

- √ Process Improvements
  - √ Reduced Risks
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## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 6: Supply and Return of Christmas Decorations

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#### Review Scope / Background

To review the City's contract for the supply and return of Christmas decorations to ensure the contract is providing best value to the City.

The costs over the past five financial years have been:

- 2010 / 2011 – \$135,814 (actual)
- 2011 / 2012 – \$229,197 (actual)
- 2012 / 2013 – \$165,550 (actual)
- 2013 / 2014 – \$160,000 (actual)
- 2014 / 2015 – \$160,000 ( actual)

#### Review Approach

This review was undertaken internally and included interviews with the Manager Marketing and other relevant key staff involved in this contract.

#### Key Findings

1. Options for mode of service delivery were considered. It was determined that the currently delivery of the service is the most efficient and cost effective for the City. Delivery of the service in-house would require additional staffing resources for installation and removal of decorations. Alternatively a reduction in service delivery in other areas would be required to deliver this service. Costs would also be incurred for the storage of the decorations annually. On sale of aged decorations would also be required.
2. The current contract is well managed. Issues raised are dealt with promptly and service level requirements are clearly detailed with the successful contractor. This has resulted in a good relationship fostered for improved service delivery year on year.
3. The Manager Marketing and Communications reviews the City's expenditure on Christmas Decorations annually and presents to the Chief Executive Officer on this project annually as part of the Budget Presentation.
4. Every year, approval is sought from the Chief Executive Officer for a new contract to be tendered for Christmas Decorations as part of the City's normal purchasing protocols for tenders.
5. This contract is well managed and delivering all required outcomes to a high standard.

#### Review Outcome

There are no recommendations to change this service.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 7: City Building Rentals

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#### Review Scope / Background

To review the City's Building Rentals and Leases to determine if best value of service to the City is being received.

The leasing and renting of City owned buildings provides a revenue stream for the City. Income figures for the past and current financial years are:

- 2013 / 2014 – \$672,301
- 2014 / 2015 – \$758,434

#### Review Approach

The review was undertaken internally and included examination of lease and licence documentation, the City's *Property Management Framework* and data analysis.

#### Key Findings

1. Asset Management and Strategic and Organisational Development are currently finalising the Lease Application Improvement Project.

The outcomes have resulted in:

- Commencement of process mapping of lease execution (new and renewal leases);
- A User Guide developed to support the implementation of the TechOne Lease module;
- Efficiency improvements were identified for seven processes; and
- The TechOne Lease module is providing a single source of truth for data and is linked to the TechOne Finance module. This will assist in meeting the requirements of the *Asset Management Strategy 2014-2024* section 9.2: Key Improvements.

#### Review Outcome

1. The *Property Management Framework* be reviewed (currently scheduled for 2016/17) to ensure the City is able to maximise its revenue stream and to reduce potential variances in the application of the framework. A benchmarking exercise with other local government authorities will also be undertaken to identify the rent ratio for City owned rentals/leases.
2. To explore options to establish a process where required compliance works can be completed and costs recouped by the City. Leasees will be notified and invoiced for any outstanding compliance testing costs and notified of the City's intention to continue to arrange the compliance testing and on-cost to the leasee for the duration of the lease by the end of August 2015.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 7: City Building Rentals

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3. The market rent review to be aligned with the Works Operation Centre market rental review and conducted early in 2017 to enable more accurate forecasting for the City's budget.

#### Review Outcome

- √ Potential recoup of \$21,243 from leasees for minor maintenance responsibilities
- √ Process Improvements
- √ Reduced Risks

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

### Review 8: Domestic and Recycling Collections

#### Review Scope / Background (Part A)

To review the City's arrangements for domestic and recycling collections to identify opportunities for increasing efficiencies, reducing waste and reducing the costs of the services.

The costs over the past three financial years have been:

Domestic / Recycling Collections	2011 / 2012 Actual	2012 / 2013 Actual	2013 / 2014 Actual	Total Actual
External Contractors / Services	112,102	172,352	220,925	<b>505,379</b>
Domestic Tipping Fees	6,413,094	7,231,737	6,753,848	<b>20,398,679</b>
Recycling (MRF)	3,536,089	3,546,946	3,450,062	<b>10,533,098</b>
Domestic Collection	2,504,346	2,586,712	2,653,165	<b>7,744,222</b>
Recycling Collection	1,245,310	1,301,072	1,294,361	<b>3,840,744</b>
<b>Total</b>	<b>13,810,941</b>	<b>14,838,820</b>	<b>14,372,362</b>	<b>43,022,122</b>

**NOTE:** External contractor expenditure relates to the all bin repairs and maintenance for both the domestic and recycling collections. This account is also used for other external services and it's not budgeted to operation code level. As such it's difficult to determine the actual and budgets associated with the maintenance and repairs. The expenditure for the domestic and recycling collections are calculated per the number of bins emptied. The tipping fees domestic and recycling MRF are all associated costs with the disposal of the rubbish collected throughout the two respective services.

The customer requests over the past three financial years have been:

Category	2011 / 2012	2012 / 2013	2013 / 2014
Domestic Bin (damaged / lost)	2,997	3,505	3,124
Domestic Waste (damage to property)	3	0	2
Domestic Services	616	434	485
<b>TOTAL Domestic Collection</b>	<b>3,616</b>	<b>3,939</b>	<b>3,611</b>
Recycling Bin (damaged / lost)	629	1,042	1,155
Recycling (damage to property)	0	1	1
Recycling Services	86	21	21
<b>TOTAL Recycling Collection</b>	<b>715</b>	<b>1,064</b>	<b>1,177</b>
<b>OVERALL TOTAL</b>	<b>4,331</b>	<b>5,003</b>	<b>4,788</b>

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 8: Domestic and Recycling Collections

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#### Review Approach

This review was undertaken internally and included interviews with relevant City staff involved in waste management, as well as the examination of documentation and data analysis.

#### Key Findings

1. The contracts for both the domestic and recycling collections covers a range of different services, from the collection of rubbish, repairs and maintenance of the mobile garbage bins, and other services such as missed bins. These services provide a consistently high satisfaction from survey results.
2. Reviewing the processes outlined below will allow for better monitoring and control of the contracts:
  - Plant and equipment inventory including fit for purpose of current fleet within the timeframe of contract/s.
  - Stock-take for parts located at the Winton Road Depot.
  - Retention and timing of activity reports from contractors.

#### Review Outcome

- Major review of procurement and contract management has been scheduled for 2015/2016 where potential savings may be identified.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 9: Contract for the Maintenance and Supply of Ornamental Street Lights

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#### Review Scope / Background

To review the City's contract for the maintenance and supply of ornamental street lights to determine if the contract is providing best value of service to the City.

Street lighting within the City consists of a mix of light poles that are owned by Western Power and the City. Light poles owned by Western Power are maintained by them.

Power is charged by consumption and scaled in pricing by consumption. This includes peak and off peak rates. Western Power has in excess of 14,800 light poles within the City and the City owns 1,428 light poles in the Joondalup City Centre. Consumption charges vary in accordance with the type of light pole, light bulb wattage and light bulb type. The three together determine the tariff code that is applied for consumption charges.

City owned street lighting is charged by either un-metered power supply or via contestable power sites that operate under peak and off peak rates. The un-metered power supply light poles are charged based on the wattage of the light bulb.

Ornamental street lights within the City are assets that are owned and maintained by the City. Supply and maintenance of street lights owned by the City are completed through a contract. Currently there are 12 different ornamental light poles that are owned by the City which differ in height, luminaire and bulb wattage.

The costs over the lifecycle of the contract (from 1 January 2014 to 10 July 2015) are \$607,959.

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff involved in this contract, as well as the examination of documentation and data analysis.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 9: Contract for the Maintenance and Supply of Ornamental Street Lights

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#### Key Findings

1. The contract includes set pricing options which support the City's goals as identified in the *Organisational Plan 2013-2018*, Principled Leadership: develop a stronger financial position:
  - Ensure the effective management of City assets through the development of comprehensive asset management plans, systems and processes; and
  - Ensure the procurement processes support and promote value for money purchases and efficiency.
2. Contract performance is currently meeting the City's standards and the contractor has demonstrated initiative to provide the City with quality advice and cost efficient solutions when required.
3. While there is the contract for ornamental street lighting maintenance and supply, the City has the following additional lighting requirements to maintain and supply which are delivered under another contract:
  - Underpass lighting;
  - Flood lighting for recreational and sporting facilities;
  - Carpark lighting; and
  - General facility lighting maintenance.

The reporting requirements identified in this other contract are met by the contractor, and set pricing has assisted in ensuring that the contract pricing is consistent.

#### Review Outcome

1. Extend the current data analysis (to include the suburbs of Hillarys and Iluka) to ensure value for money is being obtained for the contract and to develop an increased understanding of the maintenance occurrences on the City's luminaries asset.
2. Develop KPIs for the current contract to ensure service delivery and contract expectations are met.
3. Develop a contract management plan to support delivery of the contract and ensure that all contract requirements continue to be met.
4. Consideration is given for all specialised lighting to be centralised and maintained through a single contract and under the coordination of the one area.
5. Major review of procurement and contract management has been scheduled for 2015/2016 where potential savings may be identified.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 10: Provision of Tree Maintenance Services

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#### Review Scope / Background

To review the City's contract for the provision of tree maintenance services to determine if the contract is providing best value of service to the City.

Trees are an asset of the City. They increase the amenity of the City and also assist in reducing heat clusters. Studies have shown that areas with good tree coverage can experience temperature reductions between 5-15 degrees.

Trees also provide:

- Perceived reduction on noise pollution;
- Reduction on heat clusters;
- Improved air quality; and
- Reduction in air pollution.

The costs (excluding traffic management) since the commencement of the contract on 1 November 2014 to 24 June 2015 is \$512,934, which includes capital works costs of \$146,350 for the Streetscape Enhancement Project.

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff involved in this contract or the in-house service delivery, as well as the examination of documentation and data analysis.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 10: Provision of Tree Maintenance Services

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#### Key Findings

1. Maintaining the City's trees to a healthy and safe standard is completed through the delivery of a hybrid service. A contract is in place for the maintenance of trees, in particular pruning under power lines, and City staff undertake reactive maintenance.
2. Tree maintenance services completed by and for the City are in accordance to Australian Standard AS4373:2007 – Pruning of Amenity Trees. For the past 18 months the City has commenced a more intense maintenance program on verges and median strips. Work has been focussed on developing a high canopy to increase the ease of maintenance under these areas and provide a more appealing scenic view.

Work completed through this contract includes pruning under powerlines, under pruning, tree removal, stump grinding, root chasing, site cleanup and basic traffic management.

3. The contract includes set pricing options which support the City's goals as identified in the *Organisational Plan 2013-2018*, Principled Leadership: develop a stronger financial position:
  - Ensure the effective management of City assets through the development of comprehensive asset management plans, systems and processes; and
  - Ensure the procurement processes support and promote value for money purchases and efficiency.
4. The contract was initially tendered in April 2014 without the preparation of a procurement plan. Tender responses were not accepted based on the high pricing options presented. A new tender was developed with the inclusion of set pricing and an improved understanding of the scope of work required. The contract is used to complete scheduled maintenance, in particular pruning under power lines, and reactive maintenance.

#### Review Outcome

1. Undertake data analysis of the contract, where appropriate, to determine value for money is being obtained for the contract and to assist with refining future set pricing options in future contracts in line with City requirements and industry equipment specifications.
2. Commence development / migration of data to develop a single version of truth around all services delivered. This will allow for improved data capture, reporting, trend analysis and projections of future service delivery requirements.
3. Review the tree maintenance service requirements of the City to ensure a new contract will meet the growing needs of the City. This includes the development of new housing areas and potential new species of trees introduced into the City.

The review should include options for mode of service delivery to ensure best value for the City is identified.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 10: Provision of Tree Maintenance Services

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4. Major review of procurement and contract management has been scheduled for 2015/2016 where potential savings may be identified.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 11: Provision of Plumbing Maintenance Services and Minor Works of Value Less Than \$100,000

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#### Review Scope / Background

To determine whether the City's contract for the provision of plumbing maintenance services and minor works of value less than \$100,000 is providing best value of service to the City.

The costs over the past three years have been:

- Year 1 of contract (mid-January 2012 to mid-January 2013) – \$570,422 (actual)
- Year 2 of contract (mid-January 2013 to mid-January 2014) – \$923,772 (actual)
- Year 3 of contract (mid-January 2014 to mid-January 2015) – \$661,791 (actual)

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff involved in the contract, as well as the examination of relevant information and data analysis.

#### Key Findings

1. The strengths of the contract include liability residing with the contractor, no requirement to purchase and maintain fleet vehicles and no requirement for the City to purchase and maintenance equipment to complete plumbing maintenance services.

The weaknesses include expertise sits with Contractor and not with the City, and potential perceived lack of customer focus.

2. It is not foreseen that the City is able to compete on a pricing scale for equipment based on the contractor's ability for bulk purchase of equipment for works on multiple contracts.
3. There is scope to develop a contract dashboard to monitor contract usage and expenditure. The City has information that can be used to improve understand and management of this contract.
4. A review of the proposed costs of the contract submitted by the contractor against actual expenditure for the lifecycle of the contract identified an over expenditure of 18.2%.

#### Review Outcome

1. Contracts and Purchasing Services undertake a review of all new Requests for Tender to determine if set pricing can be implemented within new tenders to achieve cost efficiencies for the City. Business Units would then be required to review the options for set pricing for inclusion within the contract. This should incorporate best practice within the specified industry and data analysis.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 11: Provision of Plumbing Maintenance Services and Minor Works of Value Less Than \$100,000

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2. Undertake data analysis of the City's contracts, where appropriate, to determine value for money is being obtained for the contract and to assist with developing set pricing options for future contracts. Consideration could also be given to further understanding life cycle of assets, data to assist in determining fit outs of future facilities, number of occurrences of maintenance at facilities vs. age of the facilities and usage of facilities as some examples.
3. Major review of procurement and contract management has been scheduled for 2015/2016 where potential savings may be identified.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 12: Provision of Electrical Services

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#### Review Scope / Background

To determine whether the City's contract for the provision of electrical services is providing best value of service to the City.

Electrical services for the City were first outsourced in 1999 when the Cities of Joondalup and Wanneroo were established. Since then there have been five tenders in place, each for a minimum period of three years. The current contract expires on 30 September 2016.

The costs over the lifecycle of the contract (from 2011 to 10 April 2015) is \$2,439,382 (which includes parts and labour).

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff involved in this contract, as well as the examination of relevant information.

#### Key Findings

1. The contract includes set pricing options which support the City's goals as identified in the *Organisational Plan 2013-2018*, Principled Leadership: develop a stronger financial position:
  - Ensure the effective management of City assets through the development of comprehensive asset management plans, systems and processes; and
  - Ensure the procurement processes support and promote value for money purchases and efficiency.
2. There has been a decrease on contract expenditure over the lifecycle of the contract. This is consistent with a decrease on electrical jobs required by the City.

#### Outcomes

1. Undertake data analysis of the contract, where appropriate, to determine value for money is being obtained for the contract and to assist with developing set pricing options for future contracts in line with City requirements and industry equipment specifications. Consideration could also be given to further understanding life cycle of assets, data to assist in determining fit outs of future facilities, number of occurrences of maintenance at facilities vs. age of the facilities and usage of facilities as some examples.
2. Review the electrical service requirements of the City to ensure a new contract will meet the growing needs of the City. This includes considerations for new facilities that are expected to go online within the next three years.

This review should include options for mode of service delivery to ensure best value for the City is identified.

**Cost Efficiency and Service Reviews Program**

As at 31 July 2015

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**Review 12: Provision of Electrical Services**

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3. Major review of procurement and contract management has been scheduled for 2015/2016 where potential savings may be identified.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 13: Improvement Project: Craigie Leisure Centre Customer Service

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#### Review Scope

To determine the effectiveness of the main processes and operations of the customer service area of the Craigie Leisure Centre.

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff at the Craigie Leisure Centre.

The review also included observations, examination of relevant information and documented processes.

The review focused on:

- Leisure Centre processes and procedures;
- End of day reconciliation and financial reporting;
- The physical environment of the customer service area;
- Traffic flow and customer interaction (face-to-face and telephone);
- Customer feedback process; and
- Leisure Centre monthly reports.

#### Review Outcome

1. Process improvements to gain efficiencies have been identified for the abovementioned areas/activities.
2. Review of implementation of agreed recommendations to occur during 2015/2016.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 14: Improvement Project: Rating Services Knowledge Sharing

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#### Review Scope

To assist in facilitating a knowledge sharing process for Rates Officers to gain knowledge of major processes undertaken by the Team Leader Rating Services.

#### Review Approach

This review was undertaken internally and included interviews with relevant City staff within the Rating Services Team (in Financial Services) and Information Technology.

#### Review Outcome

1. Process and system improvements to gain efficiencies have been identified.
2. A training schedule has been developed outlining the processes to be learnt.
3. Review of implementation of agreed recommendations to occur during 2015/2016.

**NOTE:** A full year of the implementation of review outcomes is required before this review can be finalised and true costs realised.

**Cost Efficiency and Service Reviews Program**

As at 31 July 2015

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**Review 15: Provision of Traffic Management and Control Services**

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**Review Scope / Background**

To review the City's contract for the provision of provision of traffic management and control services to determine if the contract is providing best value of service to the City.

Traffic management at the City is completed through a contract. The City has commenced moving the responsibility of traffic management into contracts for services. This move is expected to achieve a financial saving for the City and also improve the timeliness of works completed by contractors in some instances. It could be expected that benefits could be realised from 2016/2017.

**Key Findings / Review Outcome**

Review still in progress.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 16: Selected Civic Events

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#### Review Scope

To review selected Civic Events. The aims of this review are to identify opportunities for:

- Service and activity improvements
- Assisting longer-term financial sustainability
- Ensuring value for money and operational efficiency
- Service level adjustments
- Considering alternative modes of service delivery
- Improved utilisation of available resources

#### Review Approach

This review was undertaken externally and included an entrance meeting to obtain a high level understanding of the City's Civic Events and the scope for review.

Interviews were held with the Manager Marketing and Communications to discuss:

- The strategy towards Civic events and the determining factors;
- Determine the events in scope;
- Breakdown of costs by event and variances to budget;
- The reason for the event, what are the events origins and is it required;
- Key areas of spend;
- Tendering processes for any outsourced services;
- Overall cost per attendee for each event;
- Cost of catering per attendee for each event;
- Location and associated cost for each event;
- Cost of outsourced events vs. those managed in-house; and
- Feedback on Civic events from public, attendees and City employees.

Interviews were also held with relevant key staff involved in Civic Events.

The review also included the examination of relevant supporting documentation.

#### Key Findings / Review Outcome

Review still in progress.

## Cost Efficiency and Service Reviews Program

As at 31 July 2015

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### Review 17: Selected Cultural Events

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#### Review Scope

To review selected Cultural Events. The aims of this review are to identify opportunities for:

- Service and activity improvements
- Assisting longer-term financial sustainability
- Ensuring value for money and operational efficiency
- Service level adjustments
- Considering alternative modes of service delivery
- Improved utilisation of available resources

#### Review Approach

This review was undertaken externally and included an entrance meeting to obtain a high level understanding of the City's Cultural Events and the scope for review.

Interviews were held with the Manager Leisure and Cultural Services to discuss:

- The strategy towards cultural events and the determining factors;
- Determine the events in scope;
- Breakdown of costs by event and variances to budget;
- The reason for the event, what are the events origins and is it required;
- Processes for planning and evaluating events;
- Tendering processes for any outsourced services;
- Overall cost per attendee for each event;
- Cost of catering per attendee for each event;
- Location and associated cost for each event; and
- Cost of outsourced events vs. those managed in-house.

Interviews were also held other relevant key staff involved in Cultural Events.

The review also included the examination of relevant supporting documentation.

#### Key Findings / Review Outcome

Review still in progress.

## **Review of Activities as part of normal business practice**

**Realised and Potential Savings / Revenue (reported during 2015/2016) – \$604,824**

**Realised and Potential Savings / Revenue (reported during 2014/2015) – \$1,238,006**

**Realised and Potential Savings / Revenue (reported during 2013/2014) – \$1,926,368**

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

AUGUST 2015	
AREA/ACTIVITY	OUTCOME
<p>Community Development (Cost Savings)</p> <p><b>Previously reported to the Audit Committee in August 2014</b></p>	<p>A review of the City's publication <i>My Money, My Life</i> during 2013-14 realised a saving of \$12,000 due to disseminating the publication electronically via the City website and Youth website.</p> <p><b>UPDATE:</b> The City received funding from the Department for Local Government and Communities for the printing of <i>My Money, My Life</i> and as such there was no cost to the City for this printing in 2014-15.</p>
<p>Executive Corporate Reporting</p> <p><b>Previously reported to the Audit Committee in August 2014</b></p>	<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> <p><b>UPDATE:</b> The new reporting system was developed in-house, saving approximately <b>\$12,000</b>.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2015</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<p>New facilities (Cost and Efficiency Savings)</p> <p><b>Previously reported to the Audit Committee in August 2014</b></p>	<p>The in-house design and project management of the Currambine Community Centre saved the City approximately \$150,000. This model will be replicated for all new major projects.</p> <p><b>UPDATE:</b> This process is being used for Bramston Park and an estimated saving of <b>\$200,000</b> for external architectural and project management fees based on quantity surveyor estimates.</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 \$50,000 per annum.</p> <p><b>UPDATE:</b> The new plumbing contract has itemised costs gutter cleaning, water filters and pump servicing, and has realised the following savings: gutter cleaning (<b>\$3,155</b>), water filters (<b>\$14,316</b>) and pump servicing (<b>\$3,612</b>)</p>
<p>Organisational Development (Cost and Efficiency Savings)</p> <p><b>Previously reported to the Audit Committee in August 2014</b></p>	<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 \$4,000 in overtime cost during peak rating period, as well as reducing staff work pressure.</p> <p><b>UPDATE:</b> This has realised a saving of 52 hours per month of staff time.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2015</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<p>Recruitment (Cost Saving)</p> <p><b>Previously reported to the Audit Committee in August 2014</b></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 \$164,905 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 \$130,000 from the previous year with other efficiency gains in officer administration time.</p> <p><b>UPDATE:</b> In 2014-15 the City continued to reduce its reliance on print advertising for vacant positions to predominantly on-line channels.</p> <p>A saving of <b>\$17,749</b> from original budget.</p> <p>This has also resulted in a reduction in the recruitment budget for 2015-16 of <b>\$10,000</b> (8.3%) from the previous year.</p>
<p>Library Services (Cost Savings)</p> <p><b>Previously reported to the Audit Committee in August 2014</b></p>	<p>Electricity charges for all City libraries were reviewed for the 2014-15 Budget which resulted in a reduction of \$8,600 for predicted electricity costs.</p> <p><b>UPDATE:</b> There was a realised saving of <b>\$24,547</b> between the 2014-15 revised budget compared to actual expenditure.</p> <p>A further saving of <b>\$14,061</b> was reflected in the 2015-16 operating budget.</p> <p>Staff uniforms were reviewed in 2013-14 and a cost saving of \$5,000 was identified.</p> <p><b>UPDATE:</b> The saving of <b>\$5,000</b> has been reflected in the 2015-16 operating budget.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

AUGUST 2015	
AREA/ACTIVITY	OUTCOME
<p>In-house Resourcing of Electrical Expertise</p> <p>(Cost and Efficiency Savings)</p> <p><b>Previously reported to the Audit Committee in August 2013</b></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>• \$149,000 on a floodlighting project due to the change of supply specification to an alternative option to save supply costs.</li> <li>• \$40,000 for the Entry Statement Project. (Challenge of Western Power costs for power connection).</li> <li>• \$12,000 on a contract variation cost (cost to be borne by external design company for incorrect specification).</li> </ul> <p><b>UPDATE:</b> This has proved to be very effective and savings realised to date include:</p> <ul style="list-style-type: none"> <li>• <b>\$15,000</b> due to the in-house lighting design for Warrigal Park and Karrajong Park.</li> <li>• <b>\$2,500</b> saving on supervision and project completion for Central Park lighting upgrade.</li> <li>• <b>\$5,000</b> saving on supervision and project completion for Seacrest Park and Bramston Park sports lighting projects.</li> <li>• <b>\$10,000</b> saving on consultant fees no longer needed for power and switchboard upgrades, which are now designed and managed in-house.</li> <li>• <b>\$22,584</b> saving on roundabout along Swanson Way, Ocean Reef. (Challenge made to Western Power invoice).</li> </ul>
<p>Grant Funded Projects (Design and Supervision Costs)</p> <p>(Cost Saving)</p> <p><b>Previously reported to the Audit Committee in August 2013</b></p>	<p>Design and supervision costs have been included in some grant funded projects, which has identified a saving of \$20,000 during 2013-14.</p> <p><b>UPDATE:</b> Internal design costs for Ocean Reef Road and Whitfords Avenue duplications have been included in grant funded projects, which has identified a saving of <b>\$69,400</b>.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2015</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<p>Mattress recycling from bulk collection</p> <p>(Cost Saving)</p> <p><b>Previously reported to the Audit Committee in August 2013</b></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 \$25,000 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><b>UPDATE: 3,762 mattresses were diverted from landfill in 2014-15, saving \$37,620.</b></p>
<p>Business Unit Manager Budget Presentations</p> <p>2015-16 Operating / Capital Budgets</p> <p>(Cost Saving)</p>	<p><b>Community Development and Library Services</b> – 2% decrease for materials and contracts, which is mainly due to savings in the areas of promotions, postage/courier, advertising and data communications.</p> <p><b>Information Technology</b> – 1% reduction of the operating budget and 12% reduction for the capital budget.</p> <p><b>Infrastructure Management Services</b> – the introduction of the new recycling processing contract continues as a saving the City, which resulted in the City being able to absorb rising landfill costs without raising the waste costs.</p> <p><b>Marketing and Communications</b> – <b>\$37,500</b> saving was identified in reducing costs associated with Christmas Decorations, photography and video and catering.</p> <p><b>Strategic and Organisational Development</b> – <b>\$14,000</b> saving as a result of reducing the number of audits conducted in the Home Energy Audit Program.</p>
<p>Legal Services</p> <p>(Cost Saving)</p>	<p>The City serves draft Building Orders on builders who do not comply with their building permit conditions in relation to keeping their construction sites tidy and not providing a receptacle for builder's rubbish.</p> <p>The City's solicitors charge between \$1,000 to \$1,500 (average being \$1,250) to prepare each draft Order for the City.</p> <p>In February 2015, following consultation with the City's Principal Legal Officer it was determined that the Manager Compliance and Regulatory Services could draft the Orders.</p> <p>As of 10 July 2015 approximately 63 draft Orders have been served on builders, saving approximately <b>\$78,780</b>.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

AUGUST 2015	
AREA/ACTIVITY	OUTCOME
Organisational Development (Cost saving; efficiency saving)	<p><b>Asset Updating Processes following Capital Works</b> – the Strategic Asset Management Improvement Project has resulted in revised process incorporating controls such as system alerts to monitor the updating of assets, and development of system reports reducing the need for manual recording of asset data.</p> <p>This has created greater accuracy in the information available to manage the City's assets.</p>
	<p><b>Business Unit Reporting</b> – the development of automated reports for a range of Business Units to assist in tracking service delivery and KPIs, to replace manual tasks and gain efficiencies in terms of time (approximately five hours per month staff time) and greater accuracy of information.</p>
	<p><b>Building Maintenance Module</b> – work undertaken for scheduled and reactive maintenance included further system configuration, process mapping, developing reports and user training.</p> <p>This has greatly improved the process and management of expenditure for building maintenance. Reports created and scheduled now track timeframes against work orders raised to contractors and City tradespeople. The reports remove the manual checking of completion of work orders and budget expenditure. Significant data cleansing of building descriptions, addresses, attributes and general information relating to buildings was undertaken as part of the project.</p> <p>This has realised a saving of 25 hours per month of staff time.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

AUGUST 2015	
AREA/ACTIVITY	OUTCOME
<p>Organisational Development (Cost saving; efficiency saving)</p>	<p><b>Combined Asset Register for Buildings</b> – this project was instigated to combine the Building Asset Register with the Financial Buildings Register in Financial Services and included system configuration and reconciliation of building names, locations, addresses, values etc from three main sources.</p> <p>Benefits realised include consistent information across the organisation as the combined register is the one source of truth. It has enabled Financial Services to undertake the task of depreciation of buildings through the corporate system.</p> <p>Reconciliation of different building information has greatly improved data integrity. This process is now automated and reduces manual intervention and errors.</p> <p><b>Craigie Leisure Centre Process Review</b> – a review of front counter processes and operations resulted in the development of new reports, an improved staff communication tool, process efficiency gains, and training to staff on the management of customer requests. This has realised a saving of 13.5 hours per month of staff time.</p> <p><b>Customer Request Workflows</b> – the development of automated customer request workflows linking to automated letters to assist in the tracking of requests previously managed manually has saved four hours per month of staff time.</p> <p><b>Customer Service Data Capture Tool</b> – the development of a customer service data base to capture the nature of customer enquiries more accurately to inform decision making on service delivery from identifying the nature of services used by customers. This data capture tool is now being used for Craigie Leisure Centre, all four libraries and Joondalup, Whitfords and Craigie Customer Service Centres and saves six hours per month of staff time, as statistics were previously analysed manually.</p> <p>This data capture tool was built in-house saving approximately <b>\$8,000</b> per unit plus ongoing costs if purchased externally.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

AUGUST 2015	
AREA/ACTIVITY	OUTCOME
Organisational Development (Cost saving; efficiency saving)	<p><b>Decision Making</b> – finalisation and promotion of the <i>Short Guide to Decision Making</i> and <i>Decision Making Framework</i> to improve the level of operational decision making, which ensures officers operate in accordance with appropriate levels of delegated authority, relevant legislation, Council Policies and Corporate Protocols.</p> <p>This provides a streamlined and consistent approach across the organisation which minimises risks of not following due process.</p>
	<p><b>Lease Module</b> – the implementation of a lease module for the management of leases and licences for City buildings and land has resulted in greater accuracy of information available. This has realised a saving of 13.5 hours per month of staff time.</p>
	<p><b>Operation Services Maintenance Process</b> – commencement of development of implementation of module to manage maintenance requests to enhance the accuracy of information on maintenance of existing parks, roads, footpaths, verges, etc. This includes system development, extensive data cleansing, including investigation into the use of mobile devices for data capture and will enable greater automation and efficiencies in process.</p>
	<p><b>Plan Status Report</b> – the development of a system generated report to track the status of all strategic and organisational plans and ensuring regular progress reports are provided.</p> <p>The automatic workflow facility provides an improved process and greater quality of information for the management of plan development and reporting against actions.</p>
	<p><b>Process Mapping</b> – the documenting and review of processes for many business units across the organisation to establish consistent processes for employees to follow and to establish levels of approval and responsibilities. This provides greater clarity, consistency and minimises errors and risks in not following approved processes and contributes to organisational knowledge.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

AUGUST 2015	
AREA/ACTIVITY	OUTCOME
Organisational Development (Cost saving; efficiency saving)	<p><b>Rates Refunds</b> – the implementation of a streamlined and more automated process for refund for rates overpayments with time efficiencies for City officers. It reduces the time taken for the ratepayer to receive the refund and has realised a saving of 8 hours per month of staff time.</p>
	<p><b>Service Level Agreements</b> – to define formal arrangements for the delivery of marketing services for cultural events. This included refining and documenting clearer processes to avoid time wastages and duplications in process.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

**Realised and Potential Savings / Revenue (reported during 2014/2015) – \$1,238,006**

<b>MARCH 2015</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
Leadership Development Program	It has been identified that approximately <b>\$174,000</b> of savings can be made through continuous improvement practices relating to time wastage and cost savings.
Business Unit Manager Budget Presentations	<p>During February 2015 all Managers were required to present their 2015/16 operating budget to the Executive Leadership Team. Presentations included critical assumptions on which estimates and/or proposals are based i.e. customers, volumes, legislative change, significant cost changes etc. Proposals for any changes to the business (resources, service levels, internal restructuring and process change etc) required details on the impact on the business as usual budget. Managers were also required to include a 2% efficiency saving on materials and contracts.</p> <p>Savings and additional income of <b>\$108,200</b> has been identified following a review of utility income and the City's Property Management Framework generating new leases.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2014</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
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>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2014</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
New facilities (Cost and Efficiency Savings)	<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 \$50,000 per annum.</p> <p>A grant from Lotterywest for \$25,000 allowed for the fit-out of the youth space at the Currambine Community Centre.</p>
Cleaning Services (Cost and Efficiency Savings)	<p>Estimates for contractor cleaning of the new facilities of Currambine Community Centre and Admiral Park were <b>\$82,410</b> 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>
Traffic Engineering (Cost and Efficiency Savings)	<p>The in-house design of traffic engineering during 2013-14 has realised a savings to date of <b>\$51,000</b>.</p>
Outside Workforce (Efficiency Saving)	<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>
Community Development (Cost and Efficiency Savings)	<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. 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 p/h.</p>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2014</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
Library Services (Cost and Efficiency Savings)	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.
	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.
	Staff uniforms were reviewed in 2013-14 and a cost saving of <b>\$5,000</b> was identified.
	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.
Organisational Development (Cost and Efficiency Savings)	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.
	As part of the City's <i>Leadership Development Program</i> a commitment has been made to examine time wastages.
Financial Services (Efficiency Saving)	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.
	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.
	E-Quotes were introduced to take advantage of prices of WALGA approved suppliers and increase the efficiency of the City's quotation process.

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2014</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
Financial Services (Efficiency Saving)	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.
	A review currently underway relates to fringe benefit tax reduction strategies which if implemented can reduce the fringe benefit tax liability of the City.
Ranger Services (Cost Saving)  (Efficiency Saving; Cost Saving yet to be realised)	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.
	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.
	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.
	This change of service has realised an efficiency saving of approximately <b>\$10,000</b> 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.

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2014</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<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 \$602 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>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

**Realised and Potential Savings / Revenue (reported during 2013/2014) – \$1,926,368**

<b>AUGUST 2013</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<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>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2013</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<p>Metal recycling from bulk collection</p> <p>(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</p> <p>(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</p> <p>(Efficiency Saving; Cost Saving yet to be realised)</p>	<p>The new contract began on 1 January 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>

**Review of Activities (Normal Business Practice)**

As at 31 July 2015

<b>AUGUST 2013</b>	
<b>AREA/ACTIVITY</b>	<b>OUTCOME</b>
<p>In-house Resourcing of Electrical Expertise</p> <p>(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> <li>• <b>\$12,000</b> on a contract variation cost (cost to be borne by external design company for incorrect specification).</li> </ul>
<p>Grant Funded Projects (Design and Supervision Costs)</p> <p>(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>