

City of Joondalup

Independent appraisal of the City of Joondalup's service effectiveness and efficiency review

22 February 2016

APPENDIX 11
ATTACHMENT 12



Background and objectives

What led to an independent appraisal of the City's Effectiveness and Efficiency Review Program?

The Chief Executive Officer initiated an extensive program of reviews to be undertaken for a number of the City's activities in order to identify opportunities for increasing efficiency, reducing waste and reducing the costs of the services. In December 2014, Deloitte provided an assessment and made recommendations to enable the City to manage and deliver multiple service reviews more efficiently and effectively. Following this review, the Service Effectiveness and Efficiency Review Program has been undertaken in-house with the engagement of a full-time Business Performance Analyst into the Executive and Risk Services team.

The City now requires the services of an independent, qualified organisation to undertake an independent appraisal of the Effectiveness and Efficiency Review Program in order to determine if the City's approach :

- Is appropriate and structured
- Is consistent with relevant standards, guidelines and good practice in Australia and internationally
- Includes all potential areas for review within the Program

Deloitte has been engaged by the City's Chief Executive Officer (CEO) to conduct an independent appraisal of the program, its progress and recommendations for consideration to enable the program to achieve its objectives. Interviews were conducted with key members of the Executive and Risk Services team to understand the City's progress and efforts over the last 12 months. A comprehensive review of the relevant documentation was also undertaken to support the appraisal.

The City's progress-to-date

The City has progressed a number of recommendations following the last review of its Effectiveness and Efficiency Review Program.



The City has initiated two individual service reviews and has selected a high level approach that is appropriate for the achievement of its objectives.

- The Procurement and Contracts Management Review was identified as an opportunity through common improvement opportunity themes that have risen from six tender reviews conducted by Executive and Risk Services. The DMAIC (Define, Measure, Analyse, Improve, Control) methodology has been used to frame the project and guide the approach. This approach is deemed appropriate for the objectives this service review has set out to achieve.
- The Human Resources Services Review has been initiated to understand current services, how they are being delivered and improvements that can be made to further improve operational effectiveness and efficiency. The high level approach includes a combination of qualitative and quantitative measures to support the analysis and development of insights to help inform where improvements can be made.



A business case template has been drafted by the Executive and Risk Services team, intended to be used broadly to evaluate opportunities for service improvements as well as to provide Business Units with a template to be used to evaluate and present proposals for business improvement initiatives.

- The Business Case (Service Review) template is being used as a trial in the Human Resource Services Review that is being undertaken by the Executive and Risk Services team. The project is in the early stages of analysis and as the project progresses, the business case template will be populated with the relevant detail. This process aims to provide feedback on the relevance, usability and depth of detail required for the business case template and give direction for any improvements.
- The draft Business Case (Service Reviews) is currently under trial in another business unit with support being provided from Executive and Risk Services in populating the template.



The Executive and Risk Services team have drafted reporting templates to support the management and tracking of service reviews.

- Progress reporting templates have been developed and trialled through use in a Major Project with the aim of bringing about greater visibility into the status of the project and facilitate reporting and decision making at the Executive level.
- The responsibility of managing the progress reporting and collecting feedback on the process will sit within the Executive and Risk Services team, however the intent is that it would move to the Project Management Office once established to see how these templates can be integrated to support Business Units to effectively deliver and manage multiple service reviews.

Our recommendations

Deloitte proposes that the City consider the following recommendations as it progresses its efforts in identifying operational efficiency and cost saving opportunities.

1

Use data analytics to provide insights to help identify operational efficiency and cost saving opportunities.

A number of service reviews will be moving into the “Analysis” phase where a more in-depth review of quantitative and qualitative data would be required. Data analytics can provide multiple facets and approaches, encompassing diverse techniques of inspecting and modelling data with the goal of discovering useful information, suggest hypotheses and support decision making. In some reviews, a detailed analysis will be required to help identify whether fraud or misconduct has occurred

Data analytics can also be performed across the whole organisation to help identify additional areas for review to achieve further efficiencies and cost savings. Building data analytics capability (i.e. talent and tools) typically would take a long time to build and develop, more so for an organisation where this may not be a key focus area. Therefore, we recommend the use of an external provider with strong data analytics and forensic capability to provide insights as to where there may be opportunities to save cost and/or improve on current business process performance. Utilising expert data analytics capabilities not only ensures accurate and advanced analysis of data, but also ensures that the right data is sourced for scrutiny of the right issues or service areas.

2

Analyse and evaluate headcount, payroll and spend data to uncover further efficiencies and cost savings

From our experience in conducting similar service reviews and cost saving initiatives in both public and private sector organisations, we believe the City will uncover further efficiencies and cost savings by reviewing these additional areas:

- Payroll and benefits - review of all timesheets and payslips for wage and casual staff to identify cost leakage and subsequent opportunities for cost reduction from leave entitlements, hourly rates, allowances, overtime, superannuation, timesheet hours. Organisations who have done this have typically saved approximately 1%-1.5% of their payroll spend.
- Headcount – review of span of control and team sizes against other local government authorities.
- Contractor vs employee mix

3

Prioritise recommendations and resourcing to achieve program objectives and outcomes

With limited resourcing (i.e. one full-time Business Performance Analyst), Deloitte recommends that the City prioritises all of the recommendations from the 2014 Independent Appraisal and the service reviews at hand and develop a clear plan to articulate which activities/ recommendations will be pursued and who will deliver them. This will also provide a program view of what is in scope of the Effectiveness and Efficiency Program and help guide resourcing priorities. The City should also consider a mix of internal staff and external consultants to assist with conducting service reviews where appropriate.



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The Services provided are advisory in nature and have not been conducted in accordance with the standards issued by the Australian Auditing and Assurance Standards Board and consequently no opinions or conclusions under these standards are expressed.

Recommendations and suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided by City of Joondalup personnel. We have not attempted to verify these sources independently unless otherwise noted within the report.

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