Service Delivery Review

A how to manual for local government

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ACELG
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for **Local Government**

Acknowledgements

Citing this report

1   About this manual

1.1   What is this manual about?

Service delivery reviews help local government:

- Understand the service needs of their communities
- Determine how to efficiently and effectively deliver those services
- Work internally or with partners to deliver services
- Continuously improve these services.

This manual will help understand:

- Why service delivery reviews are an important part of local government operations
- What service delivery reviews can achieve
- How service delivery reviews help create a culture of continuous improvement and why this is important
- How to plan and undertake a service delivery review.

1.2   What is service delivery?

Local government delivers a range of services to meet the needs and wants of their communities. This is called *service delivery* and covers:

- Internal services such as strategic planning, HR, finance and IT
- External services such as waste collection, childcare services, parks maintenance and development application processing.

Who is this manual for?

This manual is primarily aimed at local governments wishing to undertake a service delivery review. Organisations already using a framework for reviewing business processes or who already have a plan of service review may find this manual less relevant.

This manual can be used by:

Department managers: To learn how to plan and undertake a service delivery review

as well as:

Elected members: To understand the benefits of a service delivery review and how to provide support and input into the process

CEOs and general managers: To drive support for a service delivery review and create a culture of continuous improvement

Community engagement staff: To understand the importance of community input into service delivery.

Other council staff: To learn about what service delivery reviews are and how to get involved.

1.3   What is a service delivery review?

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

1.4   Why conduct a service delivery review?

Local governments are under increasing financial pressure, with an often widening gap between revenue and expenditure. At the same time, they are expected to be environmentally and socially responsible and provide a wide range of quality services.

A service delivery review helps local government clarify the needs of their communities and uses an evidence base to understand how efficiently and effectively they are meeting those needs. Using this information, local governments can then understand what changes they should make to service delivery which will provide benefits to all stakeholders.

Service delivery reviews are an ongoing process to ensure local government is delivering what the community needs in the best possible way. Establishing a review process builds the capacity of both staff and the community to think critically and systemically about current and future service needs. It also leads to innovation in service provision and helps build a culture of continuous improvement within local government.

1.5 How to use this manual

This manual can be read from start to finish or by dipping in to the relevant section. However, it does follow a sequential process which steps through a service delivery review. It can be used for a 'whole of organisation' or individual service reviews.

This manual is divided into sections as shown in Table 1.

Table 1: Overview of manual

Section	Description	What it covers
1	Overview	Introduction and benefits
2	Getting started	Structures and processes to put in place first
3	The framework for a service delivery review	Overview of the six steps for a review
4	Project set up	Team structures, setting objectives for the review, stakeholder engagement, potential templates/tools to use
5	Data gathering	Existing service information, stakeholder needs, levels of service, alternative service delivery models
6	Analysis	Setting priorities for review, conducting a review, collating evidence
7	Developing recommendations	Drafting and reviewing recommendations with stakeholders
8	Implementing change	Making change and documenting new processes
9	Evaluating and reporting	Evaluating the changes made and the process, sharing learnings and planning the next review
Appendix A	Templates and tools	Templates and tools to use for service delivery reviews
Appendix B	Alternative service delivery model	Examples of different ways to provide services

At the start of each step in the review there is a process graphic (introduced and explained in more detail in Section 3) describing the steps, the activities involved and the reporting outputs.

In addition, throughout the manual, there are the following markers:

Tools and templates to use

Examples from local government

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

2 Overview

2.1 Introduction

In both Australia and overseas, service delivery reviews are a vital process to ensure local government services are:

- **Appropriate** – match and can be adapted to meet current and future community needs and wants
- **Effective** – deliver targeted, better quality services in new ways
- **Efficient** – improve resource use (people, materials, plant and equipment, infrastructure, buildings) and redirect savings to finance new or improved services.

2.2 Key benefits

The key benefits of service delivery reviews include:

- Alignment of community needs and a more engaged community
- Higher quality service provision
- Cost savings and sometimes income generation
- Increased efficiency of often limited resources
- Partnerships and networks with other local governments and service providers
- Increased capacity of staff to respond to changing needs of the community
- Staff who work cooperatively across departments
- A more systemic approach to understanding future community needs.

Reviews should be seen as part of 'business as usual' – a continuous improvement process which is integrated with local government corporate and strategic planning, asset management and community engagement.

2.3 One size does not fit all

The services and the levels of service provided vary between local governments because of differences in location and differences in community characteristics. As such, the methodology in this manual needs to be adapted to suit local circumstances. Whilst the high level process can be the same for all local governments, the specifics of the service delivery review will be different in terms of team structure, time schedule, objectives, scope and community needs.

Having conversations internally and with the community will help understand where to adapt this manual's approach and result in greater ownership and involvement with the service delivery review. The starting point for this is setting some guiding principles, as described in Section 3.

Any recommendations or suggestions for change should be reviewed internally to tailor both the approach and the specific tools to use. Local governments should also network with other organisations to understand best practice and develop targets and benchmarks. They may also need to consider how to report the results of the service delivery review, depending on their stakeholders and their internal and external communications processes.

3 Getting started

3.1 Introduction

It is helpful to establish some building blocks to create a strong foundation for integrated thinking about services and ensure that staff, elected members and the community understand the principles which underpin the review. The building blocks are shown in Figure 1 and discussed in the following sections.

Figure 1: The building blocks for service delivery review
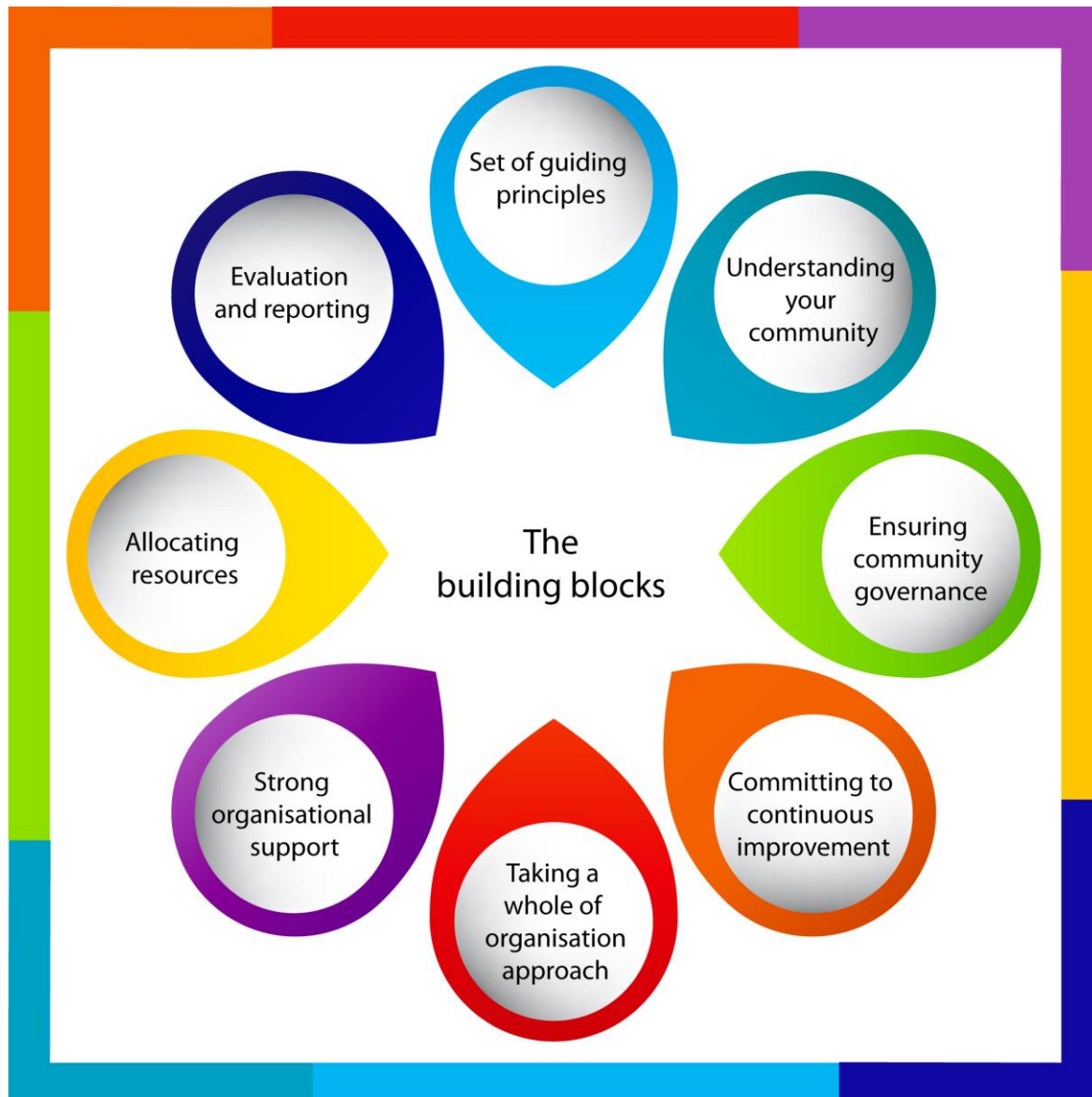
3.2 Set of guiding principles

A set of guiding principles should underpin the review and include some or all of the following:

- Engage and consult with a wide range of stakeholders throughout the review
- Respond to the needs and wants of both the current and future community
- Be transparent with all stakeholders about the proposed outcomes
- Focus on not just economy and efficiency but also effective provision of services
- Set targets for quality and cost and benchmark these against other organisations or standards
- Measure and report regularly.

3.3 Understanding your community

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

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

3.4 Ensuring community governance

Community governance is about local government working with a broad range of other government and community stakeholders to determine preferred futures, and to facilitate shared decisions and joint action to achieve agreed outcomes, including the quality of the local environment and how communities access the services they need[1]. For service delivery, this means involving the community in making decisions about services, service levels, how the service is provided and how the annual budget is allocated to specific services.

3.5 Committing to continuous improvement

A commitment to continuous improvement demonstrates an ongoing effort to change services or processes for the better and is the key driver for service delivery reviews. Continuous improvement can produce incremental improvements or more substantial one-off change. In order to achieve continuous improvement, local governments need:

- An improvement framework
- An improvement process
- Improvement methods and tools
- A performance measurement system
- A culture of improvement[2].

Some organisations use formal improvement frameworks which require staff training such as[3]:

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

Even without a formal improvement framework, local governments can still document how services are delivered as a starting point to determine what could be done differently.

> Bass Coast Shire Council, VIC, Hobart City Council, TAS and Yarra Ranges Council, VIC use The Australian Business Excellence Framework[4].
>
> The Hills Shire, NSW uses Six Sigma to reduce errors and costs.
>
> Manningham and Cardinia Shire in Victoria and Manly in NSW use Investors in People.
>
> Fairfield City Council, NSW, City of Mandurah, WA and City of Marion, SA use Human Synergistics[5].

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[1] McKinlay P., Pillora, S., Tan, S.F., Von Tunzelmann, A. (2011) *Evolution in Community Governance: Building on What Works*. Australian Centre of Excellence for Local Government, University of Technology Sydney. Available at: www.acelg.org.au/file/1570/download?token=JsPVybcWi69h4sqAxsSaT4mlWgX0Ma_pcpqavsqtphw

[2] Department of Planning and Community Development Victoria (2006) *A guide to achieving a whole of organisation approach to Best Value*. Available at: www.dpcd.vic.gov.au/__data/assets/pdf_file/0016/53080/Best-Value-August-2006.pdf

[3] These and other examples are analysed in Australian Centre for Excellence in Local Government (2010) *Overview of 14 Excellence Frameworks and Tools*. Available at: http://www.acelg.org.au/sites/default/files/Frameworks%20Review.pdf

[4] See: http://www.acelg.org.au/downloadUpdate.php?docId=132

[5] See: http://www.acelg.org.au/sites/default/files/Frameworks%20Review.pdf

3.6 Taking a whole of organisation approach

Although local governments can undertake individual service delivery reviews, because of the integrated nature of many services (especially with staff, processes and budgets), a 'whole of organisation' approach may deliver better results.

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

Initially, the City of Hamilton, Ontario took a one-off approach to service delivery review. The reviews focused on known problem areas and were less costly and time consuming to implement. However they:
- Missed other services and opportunities for improvement
- Did not develop cost and performance measures for all services
- Did not build a culture for customer-focused service delivery or continuous improvement
- Did not build a foundation or mechanism for improving the budget process or the quality/type of management information needed for decision-making.

The City then considered whether it should only review internal services or do a complete and in-depth review of all services. Both these approaches were rejected in favour of a 'whole of Council' approach which prioritised key areas[6].

3.7 Strong organisational support

CEOs/general managers and the senior executive team often drive reviews as they typically manage the long-term financial, environmental and social performance of local governments and need to ensure that the appropriate services are planned and delivered in an efficient and effective manner. These people are the review champions and their support is vital for proper planning and resourcing.

Elected members and mayors/presidents are also important as they often instigate the reviews and get involved in planning, setting priorities, approving budgets and acting as change agents.

Whether reviews are conducted internally or by external experts, staff are often taken away from their normal tasks and asked to take on new roles and responsibilities. This requires:

- Individual staff being comfortable about taking on different roles
- Having other staff support them
- Ensuring all staff have the appropriate skills
- Clear understanding about new structures, roles and responsibilities
- Potential changes to performance measurement and assessment.

Staff are invaluable sources of suggestions for improvement and need to be engaged early on and throughout the service delivery review.

Examples of how service delivery reviews are initiated:
- City of Newcastle, NSW – by a Councillor's Notice of Motion
- City of Rockdale, NSW – by the General Manager (CEO)
- District Council of Tumby Bay, SA – by the new CEO[7].

3.8 Allocating resources

Service delivery reviews can be resource intensive in terms of staff time and budget. Some local governments hire external experts to assist with or perform the review. The advantages of conducting in-house reviews are:

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[6] City of Hamilton, Ontario (2011) *Service Delivery Review* Plan. Available at: www.hamilton.ca/NR/rdonlyres/8355D146-48F7-4C07-90B7-9ACA8A5E6116/0/Jun13EDRMS_n180483_v1_8_5__CM110009_FCS11056.pdf

[7] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

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

However, with in-house reviews, be aware that:

- Vested interests may lead to a lack of objectivity and independence
- Staff may be diverted from their usual duties
- It may be hard to set up review teams across departments
- Organisations may miss out on specialist knowledge and tools from external experts.

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

3.9 Evaluation and reporting

An Evaluation Framework is an integral part of service delivery review. Since reviews can be resource intensive and the recommendations far-reaching, local government need to be sure that their services are:

- Appropriate
- Efficient
- Effective.

Local government also needs to report to stakeholders during and after the review to communicate the information gathered, the recommendations considered and how the implementation of change made a difference. Reporting can be internal or external and should be tailored for different stakeholders.

Checklist: Getting started	✓
Do we have a set of guiding principles for service delivery?	
Do we understand our community?	
Have we a strong commitment to community governance processes?	
Are we committed to continuous improvement?	
Do we take a whole of organisation approach to service delivery review?	
Is there strong organisational support for service delivery review?	
Can we allocate resources to the review?	
Do we have good evaluation and reporting processes?	

4 The framework for a service delivery review

4.1 Introduction

There are six steps in a service delivery review with a constant process of evaluation during all steps. A service delivery review framework is shown in Figure 2.

Figure 2: Service delivery review framework

PROJECT SET UP

Activities
▶ Establish a review team structure
▶ Set objectives and scope
▶ Allocate resources
▶ Engage stakeholders
▶ Identify templates and tools to use

Outputs
▶ Review Plan
▶ Evaluation Framework

DATA GATHERING

Activities
▶ Define and document existing services
▶ Collate existiing community views
▶ Determine the level of service required
▶ Identify alternative models for service provision and potential partners

Outputs
▶ Service Statements
▶ State of Play Report

ANALYSIS

Activities
▶ Set priorities for review
▶ Conduct the review
▶ Analyse funding arrangements
▶ Benchmark performance
▶ Conduct stakeholder engagement activities
▶ Assess risks

Outputs
▶ Matrix of Services

DEVELOPING RECOMMENDATIONS

Activities
▶ Draft recommendations for change
▶ Seek feedback from stakeholders
▶ Incorporate feedback
▶ Finalise recommendations

Outputs
▶ Recommendations Plan

IMPLEMENTING CHANGE

Activities
▶ Develop an Implementation Plan
▶ Implement the plan and make change
▶ Document change
▶ Map new processes and service standards

Outputs
▶ Implementation Plan

EVALUATING AND REPORTING

Activities
▶ Evaluate the service delivery review and the changes made
▶ Share outcomes and key learnings with stakeholders
▶ Schedule next review and incorporate improvements to process

Outputs
▶ Evaluation Report
▶ Service Delivery Review Report

EVALUATION

5 Project set up

Activities	Outputs
▶ Establish a review team structure ▶ Set objectives and scope ▶ Allocate resources ▶ Engage stakeholders ▶ Identify templates and tools to use	▶ Review Plan ▶ Evaluation Framework

5.1 The team structure

Most local governments conduct service delivery reviews in-house using existing staff. This brings knowledge into the process, builds organisational capacity and helps make implementation more effective. Figure 3 shows a suggested team structure for an in-house service delivery review in a medium to large size organisation.

Figure 3: Example team structure
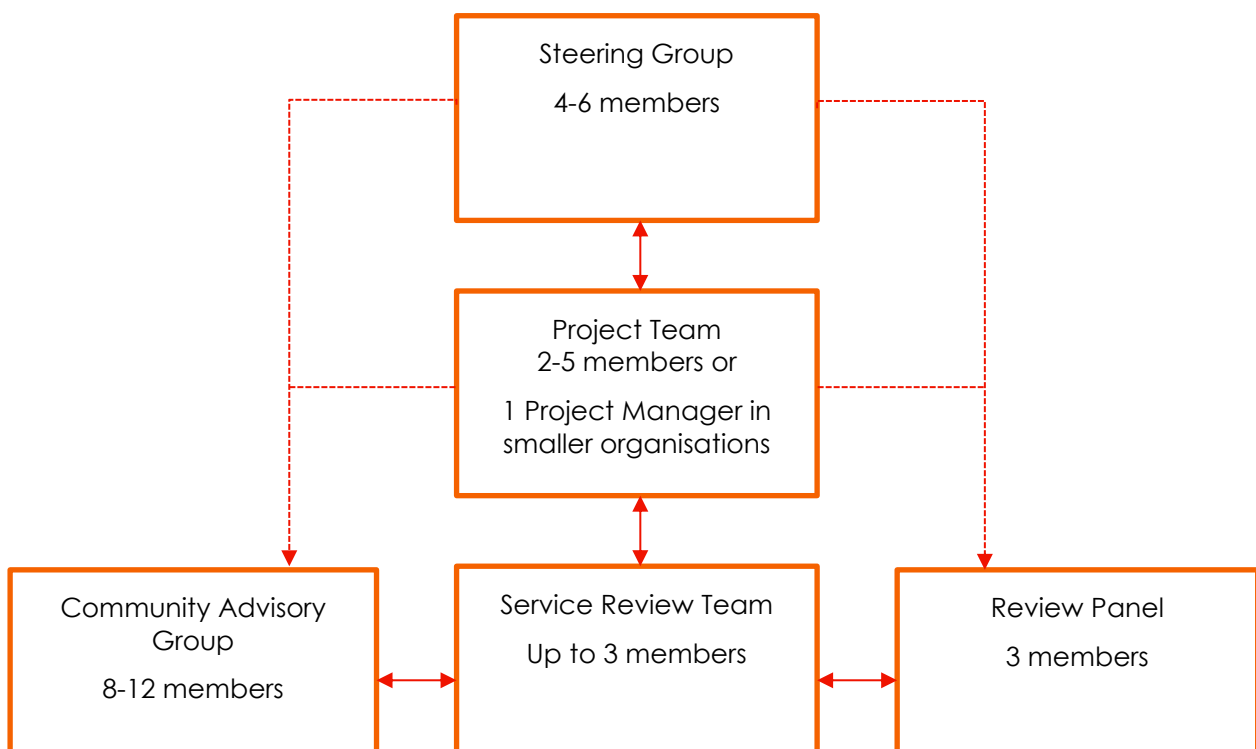
The team structure and relative roles will differ depending on the size of the organisation. However, it is always important to have a Steering Group with overall responsibility for decision-making who ensures stakeholders are engaged and communication is open and transparent.

If external experts are engaged to conduct the review the structure may vary but it should include an overall Steering Group, a vehicle for community and staff input and a review process.

A Request for Tender template for engaging external experts is included at Appendix A Section a.

5.1.1 Steering Group

The Steering Group provides overall direction and leadership for the review. It approves priorities and schedules, gives strategic input and endorses recommendations and final reports. It also looks at risk throughout the review. Members of the Steering Group should include the senior leadership team and potentially an elected member, a community representative and directors of core services such as HR, corporate planning, finance and asset management.

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

5.1.2 Project Team or Project Manager

The Project Team or Project Manager (in smaller local governments) coordinates the service delivery review across the organisation and:

- Prioritises and schedules the reviews
- Sets up service delivery review teams for each area under review
- Provides guidance and support for the service delivery review teams
- Checks service review reports
- Monitors and reports on progress.

The Project Team consists of two to five staff members, depending on the number and scope of reviews planned and is usually led by a director. As with the Steering Group, it may be useful to have staff from finance in this team.

> The Wyong Shire Council, NSW service delivery review was coordinated by a Project Control Group consisting of:
>
> - Chair of Consultative Committee
> - Director, Corporate Services
> - Manager, Human Resources
> - Director, Shire Planning
> - Director, Shire Services[8].

5.1.3 Service Review Teams

The Service Review Teams run the review on a day-to-day basis. They engage with stakeholders, gather information, benchmark and analyse options and prepare recommendations. The teams also investigate ideas and issues as they arise. Each team is usually assigned one or more services to review.

There are various forms of Service Review Teams and they could include:

- **One team which reviews all services** – ensures consistency of method and efficient use of resources but requires a high level of commitment from the team and the outcomes may be less well-received if the team is not from the department under review
- **Line managers and their existing teams** – approach can be effective but lacks independence and objectivity because the review covers their areas of responsibility
- **Cross-organisation teams** – achieves greater staff involvement and ownership but can be more difficult to coordinate and requires a higher commitment to capacity building.

A Team Leader liaises with the Project Team, organises resources and administrative support, schedules and runs team meetings, ensures effective staff communication and prepares reports.

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[8] Wyong Shire Council (2010) *Service Delivery Review*. Available at: www.wyong.nsw.gov.au/about-council/plans-publications-strategies/plans-and-strategies/service-delivery-review/

5.1.4 Review Panel

It can be useful to set up, or use an existing, Review Panel to bring independence and help to ensure a consistent approach across service delivery reviews. The panel analyses the information from the Service Review Teams and identifies other options and opportunities for improvement. The Review Panel can be:

- **Internal** – chaired by a member of the Steering Group from outside the area being reviewed and include two other senior staff
- **External** – engaged from outside to provide a different perspective, for example, staff from another organisation.

In smaller local governments, an internal or external person could perform this role. It is important to have this independent check and balance as part of the review process.

5.1.5 Community Advisory Group

Community Advisory Groups are often already part of local government processes. They provide useful input into a range of projects and, like a Review Panel, can be an independent check for local governments. For a service delivery review, this group would provide input into the types and levels of services required, review and provide feedback on recommendations and comment on draft reports.

The Community Advisory Group may also:

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

This approach can be a relatively inexpensive way to test ideas and involve the community in decision-making, especially where there may be limited resources.

5.2 Objective, scope and resourcing

The Steering Group should determine the objective of the review, in conjunction with senior management, elected members and other key stakeholders, so everyone is clear about the purpose and potential outcomes. A workshop can help define the objectives and the key drivers behind the review.

Potential objectives could be to:

- Better understand what the community wants
- Reduce or increase the range of services
- Improve the quality of some or all services
- Make savings
- Generate income
- Explore opportunities to provide services in partnership with other organisations.

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

- Take a 'whole of organisation' approach
- Focus on specific services over others
- Explore different opportunities
- Not review some areas
- Include services which extend over a range of functions
- Pilot a review first before rolling out a more extensive review
- Reuse existing information on community needs, processes or policies.

Scoping can also help identify potential priority areas for review. This is discussed in Section 7.1.

Parramatta City Council, NSW initially limited its review to selected services but after lengthy discussions, the Steering Group amended the process to capture all services.

The purpose of the review was to establish whether Council was providing the right mix of services to their customers and achieving value for money. It did not just focus on improving the financial position of the Council but placed a heavy emphasis on improving the quality of services and building a culture of innovation and continuous improvement[9].

City of Newcastle, NSW categorised services as statutory and non-statutory and reviewed all non-statutory services first[10].

In addition to setting objectives and examining the scope, the Steering Group should determine what resources are required in terms of staff, budget, time or office space. These resources should then be approved and allocated to the service delivery review. This also demonstrates strong organisational support.

5.3 Stakeholder engagement

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

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

- Understand stakeholders and their priorities
- Scope and identify service requirements
- Test new ideas and strategies
- Set long-term priorities and resource allocation
- Measure service user satisfaction.

The form of engagement will depend on the information required.

The Steering Group should detail when and how the various stakeholders will participate during the review and what information will be shared with whom, how the information will be shared and at what point in the process.

This documentation may take the form of a spreadsheet or diagram listing the stakeholders, their roles and at what point they will be engaged or a more formal Stakeholder Engagement/Communications Plan depending on the type of review and the size of the organisation.

A good guide to thinking about how to engage stakeholders and examples of stakeholder engagement tools is at:

Community Engagement Handbook: *A Model Framework for leading practice in Local Government in South Australia*. Available at: http://www.lga.sa.gov.au/webdata/resources/files/Community_Engagement_Handbook_March_2008_-_PDF.pdf

A Stakeholder Engagement/Communications Plan template is included at Appendix A Section b.

The Service Review Teams or Community Engagement staff (which may already exist in larger local councils) should run the participation activities and record the outcomes to provide a valuable information source.

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[9] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197
[10] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

5.3.1 Elected members

As instigators or endorsers of the review, elected members can provide important input into scoping, community views, decision-making, review of recommendations and implementation of change. Holding workshops and feedback sessions with these stakeholders at key points during the review helps identify opportunities, assess alternative options and understand what they might support in terms of changed service levels.

City of Melville, WA briefed councillors on the methodology and changes to service provision. They were kept informed via Elected Member Information sessions. In addition, the Audit Committee oversaw the recurrent savings expected from the review (approximately $1.7m) and reports were presented at Council meetings[11].

5.3.2 Staff

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

Methods of staff engagement

- Forums and presentations, breakfast/lunchtime briefings
- Workshops, team meetings
- General Manager/CEO updates
- Newsletter articles, online blogs and wikis
- Feedback and suggestion boxes
- Brainstorming sessions
- Internal surveys
- One-on-one interviews.

One of the initial tasks for the Steering Committee is to address any concerns staff may have about the impact on their jobs. For example, one approach could be to guarantee no forced redundancies. Staff union representatives should also be briefed throughout the review and any staff likely to be significantly impacted by any proposed changes should be identified.

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

5.3.3 Community

Most local governments will have already undertaken some community engagement. It is important to find out whether there is sufficient information about their needs and wants and their expectations of service quality and range. Start with 'what is already known' and double check that the information is still relevant. This ensures knowledge about the community is up to date and any assumptions are tested.

The District Council of Tumby Bay, SA used:
- A confidential survey of the whole community – 2,800 people
- Public meetings
- Meetings with community groups, such as Progress Associations[12].

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[11] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government.* Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

[12] See: ACELG (2012) Service Delivery Reviews In Australian Local Government. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

City of Melville, WA used existing information about community aspirations and priorities from the Strategic Community Plan and the Neighbourhood Plans to align service priorities[13].

Good guides to community engagement processes are:

Community Engagement Resources for Local Government.

Available at: http://www.acelg.org.au/system/files/publication-documents/1317178789_ACELG_Annotated_Bibliography.pdf

Community Engagement in Rural-Remote and Indigenous Local Government.

Available at: http://www.acelg.org.au/file/1594/download?token=T2qleqOAY_Qfz-BY1MdbEXawnHTQBT90ByAoQ7bi5NU

5.3.4 Current service providers

Current service providers should be engaged so they:

- Are aware a review is being planned
- Can respond effectively to suggested changes
- Can provide their view of whether their service is valued by the community
- Have an opportunity to provide input where required.

5.3.5 Other organisations

Engage with other organisations who may:

- Be a source of inspiration and information. Some local governments have already completed service delivery reviews and published the process and results online. Researching these could help tailor the approach
- Offer similar services. They may be keen to partner on service provision using a 'shared services' model (see Section 6.4.2).

Hunter Councils has eleven member councils who share procurement, records storage and training services. This arrangement has generated cost reductions and greater efficiencies because of economies of scale. In addition, by selling training and procurement services to the private sector, Hunter Councils generates a significant income stream[14].

5.4 Evaluation Framework

Evaluating each step in the service delivery review ensures organisations stay on track and that resources contribute towards the review objectives. Local governments should choose three to five indicators for each step and create an Evaluation Framework with key stakeholders.

A good guide to evaluation is:

Does your project make a difference? A guide to evaluating education projects and programs. Available at: www.environment.nsw.gov.au/community/projecteval.htm

An Evaluation Framework template is included at Appendix A Section c.

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[13] See: ACELG (2012) Service Delivery Reviews In Australian Local Government. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[14] See: ACELG (2011) *Consolidation in Local Government: A fresh Look*. Available at:
http://www.acelg.org.au/system/files/publication-documents/1320885841_Consolidation_Final_Report_Vol_1_web.pdf

5.5   Templates and tools

Service delivery reviews create a huge amount of information so good record keeping is vital. Each local government should develop a suite of templates and tools tailored to their own circumstances to use during the review.

As noted throughout this manual, potential templates and tools are at Appendix A.

5.6   Draft a Review Plan

There should now be sufficient information to develop a Review Plan. This plan will provide internal and external stakeholders with details about:

- Background to the review
- Objectives and scope of the review
- Team structure
- Resource requirements and resource allocation
- Timing, key milestones and length of review
- Details of stakeholder engagement.

Depending on the size of the organisation, this plan can be documented as a stand-alone report or in sections in the Steering Group minutes.

A Review Plan template is included at Appendix A Section d.

Checklist: Project set up	✓
Have we set up the right team structure with defined roles and responsibilities?	
Are we clear about the objective and scope for the review?	
Have we set a review timetable and key milestones?	
Have we allocated the resources needed?	
Have we identified our stakeholders?	
Do we have a plan to engage and communicate with our stakeholders?	
Do we have a way to evaluate our progress?	
Do we have a selection of templates/tools to use?	
Have we drafted a Review Plan?	
Have we evaluated this step?	

6 Data gathering

	Activities	Outputs
DATA GATHERING	▶ Define and document existing services ▶ Collate existiing community views ▶ Determine the level of service required ▶ Identify alternative models for service provision and potential partners	▶ Service Statements ▶ State of Play Report

6.1 Define existing services

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

Sometimes sourcing the information takes a couple of iterations. Time spent getting this step right is a good investment in the rest of the process.

6.1.1 Identify all the services

The starting point for data gathering is to define the services and subservices delivered. It may be simpler to identify services only by department or function. However, it is more appropriate to define services based on how they are experienced by the community and then link the services back into the key strategic directions for local government. For example, link waste management into *community wellbeing* or link park maintenance into *environment*.

> **How many services do we have?**
>
> The number of 'services' varies considerably between local governments and there is no industry standard list of services.
>
> Some define services at a broad level and select about 40 service groups and associated subservices. Others start with a finer level of detail and document as many as 200 services.

6.1.2 Develop a Service Statement template

If the services are not already documented in detail, a template will be needed to record:

- The service category and name
- Key department/division with the main responsibility for delivering the service
- Key person responsible for delivery
- Details of what the service does
- How the service links into the strategic plan
- Whether it is an internal or external service
- Whether it is a legislated service and the relevant legislation.

Each service is then divided into subservices and the template is used to record:

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

Then financial information for each subservice is collated for:

- Income/expenditure
- Net cost of service
- Staff involved
- Any key issues for the subservice.

Each Service Statement should be concise (up to three pages long) with the key audience being elected members and the community.

 A Service Statement template is included at Appendix A Section e.

6.1.3 Complete a Service Statement for each service

The service owner should complete a Service Statement for each service (and associated subservices) by working across departments to gather information. For example, the Development Application service may be delivered to the customer via the front office customer service desk but also via the planners in the back office. Collaboration between departments is vital to ensure the right information is recorded.

Much of the data for the Service Statement should be readily available but the following two sections provide more guidance on how to complete the potentially more challenging parts of the Service Statement.

6.1.4 Outputs and service standards

For each service/subservice it is important to record the scale of the activities in terms of outputs and the service standards. The starting point for this information might be the service owner's best understanding of the service or it maybe a level of service provision agreed with elected members or the community.

This section should also record (where the information is available, for example, from any recent survey results) the community's view of the service in terms of quality and importance, see also Sections 6.2 and 6.3.

6.1.5 Capturing 'net cost' for each service

Income as rates and grants forms the capital and operating budgets. The total of these two budgets is then allocated to fund services (internal and external) and special projects. However, the cost of service provision may come from both budgets. For example, the cost of providing sports fields may include capital spend (upgrading the fields to build a spectator stand) or operating spend (maintaining the playing surface). It is important to distinguish between the two so the total cost of providing the service is identified.

The key focus of the Service Statement is to create a financial view for each service in terms of income, expenditure and net cost of service. This focus is important because it helps:

- Understand how resources are allocated
- Determine what local government can do more or less of
- Decision-making with the community ie. if more of one service is provided then it may cost more so this might mean funding is taken from another service.

The finance team play a key role in capturing and providing this information and extracting data from the financial management system. It is important that they are engaged from the start of the review.

In simple terms:

Income to run the service (capital or operating) **– expenditure to run the service** (capital or operating and the allocation of costs of internal services as far as possible)

= Net cost of service

Calculating expenditure to run the service is relatively easy but allocating the costs of internal services such as IT, HR, finance, legal and others may be more complicated. Local governments should make a decision as to whether to allocate the costs of internal services on an agreed basis between services or ignore them if the impact of the costs of internal services is too small to make a difference. Including the elected members and/or the community in these decisions may be valuable.

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

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

The check and balance at the end of this process is that when all the net costs for services are added up (plus any unallocated costs of internal services), in conjunction with the net costs for special projects, they both equal the total net budget/actual surplus/deficit for the year.

6.2 Collate existing stakeholder views

Services should always be evaluated from the point of view of the customer or community. This means local government should engage the community early on in the review process and:

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

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

Information gathered should be included in the Service Statement.

6.3 Determine the level of service required

The levels of service depends on:

- Legislative requirements – knowing what is mandated and thinking about what might have to be provided in the future
- Strategic objectives – knowing organisational priorities and linking to strategic directions, asset planning and risk management
- Community demographics and expectations – knowing the community and understanding what it needs now and in the future.

As part of service delivery review local governments need to understand, and adjust where necessary, the levels of service required. Those linked to legislative requirements or strategic objectives are generally easier to identify and define. Those linked to community expectations require engagement and consultation with the community.

Local governments also need to find out what the community values because the community may value a variety of aspects of service delivery. Examples of value are in Table 2.

Table 2: Examples of what the community values

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

Information gathered should be included in the Service Statements.

6.4 Identify alternative service provision models

There are two options for achieving changes in service delivery:

- Change via internal improvement (see Section 6.4.1)
- Change via different delivery models (see Section 6.4.2).

These options should both be assessed to determine whether the service could be delivered in a different way. No decision needs to be made now but highlighting whether an alternative model could work, and therefore should be considered, is important.

Lake Macquarie City Council used the following criteria to determine whether a shared services model might be worth investigating:

- Service requires a high degree of expertise
- Service is largely self-contained
- Potential to realise economies of scale
- Service is non-strategic, low risk or rule based
- Service has high volume transaction processing
- Service requires the latest technology[15].

6.4.1 Internal improvement

Local governments may often try to make change via internal processes, strategies or budgets first. With this approach, the focus should be on identifying opportunities to generate significant service improvements, savings or additional income such as:

- Increasing benefits to the community by using technology to improve reliability, responsiveness or accessibility
- Making better use of existing assets and facilities to increase the quality of the service
- Process improvements to improve timeliness and resource use.

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[15] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197

6.4.2 Different delivery models

As part of data gathering, local governments should research different delivery models, often via collaborating with other organisations, groups of local governments or local commercial operators. This information will help understand how services could be delivered. There are a number of alternate models of service delivery such as:

- Shared services or resources typically with other local governments or Regional Organisations of Councils
- Strategic relationships, with other levels of government or non-profit organisations
- Use of 'arms length entities' to manage the service, for example, the corporatisation of parts of local government operations or external boards for managing community facilities
- New ventures or enterprises to deliver an income stream
- Joint ventures or public/private partnerships with external enterprises
- Community run enterprises, including social enterprises such as charities
- Outsourcing through external contractors.

Rockdale City Council, NSW entered into a Strategic Alliance with two other nearby councils and formed the St. George Region of Councils Joint Waste Collection Service Contract. The Council will save $24m over the ten year term of the contract[16].

After its own service delivery review, the District Council of Tumby Bay, SA led a shared services investigation with three Lower Eyre Peninsula councils[17].

In 2007, Brighton Council, TAS set up the Brighton Council Common Service Model to offer a wide range of service to other councils. The objective is to provide a high quality service for a lesser cost than if the councils provided the service.

Councils in Tasmania, WA, NSW and Fiji use services such as IT, finance, accounting and strategic and business planning. The fees charged are either based on a contract for set terms and hours or on a one-off basis for ad hoc or specialist services.

The income generated from the model accounts for about 20% of the annual rates revenue of the Council[18].

Due to the sensitivity around implementing alternate service delivery models, the Steering Group should take a lead role when exploring these options and make a register of potential models and possible partners. However, it is important that this process is transparent.

Further information about alternate service delivery models is at Appendix B.

A useful document which explains the alternate service delivery models further, with examples of how they have been implemented in NSW is:

LGMA NSW Working Party 2e (2013) *Identify, Categorise and Evaluate Alternative Service Delivery Models: Final Report*. Available at:
www.lgmansw.com.au/lgmansw/Members/Submissions/LGMA_NSW_Destination_2036_Working_Party_2e_-_Final_Paper.aspx

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[16] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[17] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[18] Valle de Souza, Simone and Dollery, Brian (2011) *Shared Services in Australian Local Government: The Brighton Common Service Model* Journal of Economic and Social Policy: Vol. 14: Issue. 2, Article 4. Available at:
http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1194&context=jesp

6.5 Produce a State of Play Report

The State of Play Report documents what is known - the 'as is' or current situation. It is a combination of the Service Statements and data gathered from internal and external sources. The State of Play Report forms the basis for summarising what services are being provided, what resources are used to provide them, what stakeholders think, what services could be provided and how.

It should include:

- The Service Statements
- Results from any previous stakeholder engagement
- Levels of services required
- Potential opportunities for alternative service provision models
- Gap analysis and potential focus areas for change.

The Steering Group should review this report and communicate the key results, in particular the gap analysis and potential focus areas, to stakeholders.

State of Play Report template is included at Appendix A Section f.

Checklist: Data gathering	✓
Have we documented all our services?	
Have we sufficient detailed information about these services?	
Did we collate existing information about stakeholder views?	
Do we understand the levels of service required?	
Have we identified potential ways to provide the services?	
Have we summarised everything in a State of Play Report?	
Has this report been communicated to relevant stakeholders?	
Have we evaluated this step?	

7 Analysis

7.1 Set review priorities

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

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

One simple method to prioritise services for review is based on the assumption that services using a higher percentage of the annual budget can potentially offer a higher proportion of financial savings. This approach is appropriate where cost reduction or 'quick wins' are the primary objective.

District Council of Tumby Bay, SA undertook a whole of council review of all operational services apart from Administrative and Governance Services. The review focused heavily on those areas using a large percentage of the annual budget[19].

One of the strategic priorities for Ipswich City Council, QLD is *Excellence in Customer Service*. As part of the action to deliver this, the Council identified services and identified those most likely to benefit from Business Process Improvement. An 18-month program of review started in July 2012 with the objective to improve the cost and effectiveness of delivery[20].

A more comprehensive approach, assigns a weighting to each service based on certain criteria. For example the potential to:

- Reduce service levels without generating significant community dissatisfaction
- Improve or make savings via alternative delivery models or changed internal processes
- Generate additional revenue or savings
- Have a degree of discretion over the service (statutory/non-statutory)
- Align the service to corporate objectives
- Improve environmental and/or social outcomes
- Reduce duplication of services or activities
- Improve efficiencies
- Improve business continuity planning
- Grow or commercialise the service
- Upgrade built assets in poor condition.

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[19] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[20] Ipswich City Council (2012) *Annual Report 2011-2012*. Available at:
www.ipswich.qld.gov.au/documents/corporate/annual_report_2011-2012_web.pdf

A review of the weightings will help indicate which services should be prioritised for review and they can then be allocated to Service Review Teams to action.

7.2 Conduct the review

7.2.1 The process

The first step for the Service Review Team(s) is to systematically review the selected services in detail to identify possible changes which align with the objectives of the review. For example, cost savings, service level improvements, income generation and/or reductions in resource use.

As noted in Section 3.5, there is a range of existing improvement frameworks available. However, organisations can also use flow charts and spreadsheets to record how services are delivered and in doing this, identify where improvements could be made. Importantly, the review process needs to be repeatable so local governments can continuously improve their services.

When looking at internal processes, consider the questions posed in Table 3.

Table 3: Example internal review questions for each service delivered

Aspect of the service	Questions
Organisational structure	What is the staff structure? How many locations are involved? Can the locations be combined? Can 'like' services be co-located?
Processes, procedures, work practices and tools	Are there duplicate processes? Are there process gaps? Where and what are the opportunities for improvement? How can technology be used?
Resource use	Can resource use be optimised or reduced? Can assets or infrastructure be consolidated or used more efficiently? Can owned facilities be sold, leased, consolidated, regenerated or shared?
Community facilities	Do the facilities match community needs? Are some facilities under utilised? Is there duplication with other nearby facilities? What condition are the facilities in? Do they require maintenance or upgrading and if so, what could this cost? Do they generate a relatively low income from usage?
Staff productivity	Can jobs be redesigned to increase the variety of tasks and improve job satisfaction? Would training increase productivity? Can overtime levels be reduced? Can incentives and rewards be provided? Can staff outputs be monitored with appropriate measures?
Regulations	Can regulatory controls be reviewed? Will lobbying for legislative change improve efficiency/maximise productivity?

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[21] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government.* Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197
[22] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government.* Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

7.2.2 Analyse funding arrangements

Part of the review includes analysing current and alternative funding arrangements for services to determine whether the levels of fees and charges are appropriate and sustainable based on an understanding of the community's willingness to pay and perceptions of value.

Local governments should consider whether they could:

- Shift costs to other levels of government, for example, charging government agencies for services or facilities
- Add new or modify existing user charges by benchmarking charges against other local governments
- Source grants and other funding via partnerships with government, other agencies or private businesses.

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

Local government should also explore ways to generate increased income by improving the service to increase its attractiveness, promoting its benefits and potentially increasing the charges.

7.2.3 Benchmark performance

Benchmarking with high performing organisations (both private and public) helps compare current and future services and how the service is delivered against best practice. Local governments could benchmark service outputs, levels of service, costs, policies and processes, work practices, resource usage, technology and user charges.

City of Newcastle, NSW benchmarked all their services against eleven other councils who were members of the Australian Business Excellence Framework. Previously, nine core services were benchmarked with Hobart City Council and Marion City Council[23].

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

- Current and prior year actual performance
- Prior year budget to actual financials
- Whether the cost of the service has risen more than the Consumer Price Index (CPI)
- Whether the staff component of the service has risen more than the CPI
- Whether the unit cost of a particular service is increasing or decreasing, for example, the cost of child care per child or per staff member.

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

Rockdale City Council, NSW benchmarked their Parks Mowing Service with an external park maintenance contractor. Their own service was within $1,000 more expensive. Knowing this, the Council changed procedures which resulted in an increase in productivity and more streamlined work. The service was kept within Council[24].

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[23] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

[24] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

7.2.4 Conduct stakeholder engagement activities

Depending on the quality of the existing community information collated in Section 6.2, local governments may need to conduct specific engagement activities to:

- Engage various parts of the community and record feedback, suggestions and ideas
- Feed back 'what you told us' to the community.

When developing specific engagement activities, local governments should ensure they are thoroughly planned so that everyone is clear on the purpose, what information is being sought and set expectations for inputs and outputs.

Port Stephens Council, NSW used a wide variety of community consultation methods including focus groups, targeted surveys and meetings with identified customer segments. Some members from an existing Residents Panel were included in the focus groups.

In addition, review process was informed by the annual Council wide Customer Satisfaction survey[25].

At City of Newcastle, NSW all staff were invited to attend a continuous improvement workshop and were given the opportunity to provide feedback from previous reviews in terms of what worked and what did not work[26].

Gathering information about current and future levels of services is important because it helps assess trade offs between cost and desired level of service. Getting targeted sections of the community involved in making decisions about how much they are prepared to pay for a certain quality of a specific service will help set levels of services and get buy-in.

Table 4 provides some other examples of questions to ask about levels of service.

Table 4: Useful questions to ask the community[27]

Question from local government	What this tells local government	What this means for service levels
What do we not do so well?	Where to improve	Provide a high level of service
What else should we be doing? What problems are not we addressing?	What to start doing	Provide a high level of service
What do we do well?	What to keep doing	Provide the same level of service
What do we do that you do not value?	Where to reduce services	Provide a lower level of service
What do we do that you do not use?	What to stop doing	Provide no service

Engaging the community in this targeted way also builds the capacity of the community to understand the balance between financial constraints and service provision and what happens to the overall budget if local government 'dials up' or 'dials down' the service. Involving the community in priority setting or decision-making can help make any changes to levels of service more acceptable.

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[25] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[26] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[27] Adapted from: IPWEA International Infrastructure Management Manual (2011)

The City of Tea Tree Gully, SA used a specific modelling technique known as *SIMALTO* to understand which services residents would like improved and which services they were most prepared to reduce in order to fund the improvements.

The various 'dial-up' and 'dial-down' options for each service were presented in a grid form to a representative sample of 300 residents who reviewed the grid and made recommendations.

This model allowed the community to determine their preferred combination of services within the City's defined budget[28].

Fairfield City Council, NSW also used a *SIMALTO* grid to compare incremental increases/decreases to services and the impact on the annual budget. The grid was just one tool that helped Council review its current services and identify the mix of services and service levels to incorporate into the 2013-2017 Delivery Program[29].

Elected members should also be engaged about levels of service. They may have a different view about what needs to be provided and why, usually linked to a potential political risk or a particular viewpoint. Their knowledge and understanding of broader community views can be invaluable.

A comprehensive guide to Levels of Service and Community Consultation is:

IPWEA Asset Management Practice Note – Discussion Paper *Levels of Service and Community Consultation*

This consultation draft will be made available in early 2014.

7.2.5 Risk assessment

Risk is a key issue that should be regularly reviewed by the Steering Group throughout the reviews.

When considering which services or levels of service could be changed local governments should also think about whether there are any associated political, financial, environmental and social risks. In addition, local governments should consider the longer term consequences for strategic planning. This risk assessment may influence the decision-making process.

Key questions about risks (some only apply to external services) are shown in Table 5.

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[28] City of Tea Tree Gully and LGMA SA (2008) *Service Choice Modelling – Community Engagement Model*. Available at: www.lga.sa.gov.au/webdata/resources/files/Service_Choice_Modelling_-_Community_Engagement_Model_-_Case_Study_Summary_Version.pdf

[29] Fairfield City Council (2013) *Delivery Program 2013-2017*. Available at: www.fairfieldcity.nsw.gov.au/upload/wcrwa72592/2013_2017_Delivery_Programweb.pdf

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Table 5: Some key questions about risk

Type of risk	Questions
Staff	What is the likely reaction from staff? What is the likelihood of low levels of engagement or contribution? Do the staff assigned to conduct the reviews have the workload capacity and skill levels? How do others view these staff? Are senior people able to lead staff through change? Could changes in staff positions mean potential industrial relations issues?
Elected members	Do the elected members need support to analyse the information? Do they understand the benefits of continuous improvement and change? Are they committed to and/or driving change? How can they best support the community through this process?
Community	What could be the effect on the community? Does the community have the capacity to engage around service delivery? What is the likelihood of low levels of engagement? Will the community have to pay more and what could be the reaction to this? What will be the community reaction to a change in level of service?
Asset management	Could there be changes in asset usage or a need to dispose of assets? Are the future asset requirements known? Do the right asset management skills exist?
Environment	What could be the effect on the environment? Are any potential effects in line with environmental planning?
Financial	What could be the financial implications? Is there sufficient budget to allocate resources differently? Is external expertise required? Is there capability to negotiate with third parties on alternative service provision? What can be adjusted if the review highlights services which need extra resources?
Systems	Can current technology provide the appropriate data and analytical capability? How easy is it to change the system? Can staff get the best out of our technology? How easy is it to change the documentation of the services provided? What could be the effects on other support functions?
Regulatory	Can our statutory or regulatory requirements still be met? Will there be any changes to the regulatory environment in the future which might impact on decision-making? Are there any legislative or best practice approaches for service delivery which may influence the changes recommended?

City of Onkaparinga, SA Strategic Directions Committee undertook a review of its Small Business Support service. The aim of the review was to determine the best model to support small to medium size businesses, given that 95% of businesses in the City were of this type.

In reviewing the five options available, the committee considered:

- Political risk
- Financial risk
- Financial benefit[30].

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[30] See: City of Onkaparinga (2012) *Strategic Directions Committee*
www.onkaparingacity.com/events/2012/04/10/strategic_directions_committee_meeting_10_april_2012.jsp?display_expired=t

7.3 Complete a Matrix of Services

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

A matrix can help understand what to do first and identify if there are any data gaps. It should include, amongst other things:

- The service/subservice name
- Financial/community/environmental benefit
- Staff impacts
- Comparison to benchmarks
- Level of service changes required
- Risks
- Barriers to change
- Ease of implementation.

A Matrix of Services template is included at Appendix A Section g.

City of Melville, WA used a matrix which weighted community, environmental and economic wellbeing with governance outcomes, funding requirements and political, environmental, social/cultural, technological, economic and legal risks[31].

The results should then be tested with independent reviewers, for example, the Review Panel, a community group, the head of another department, an elected member or an external peer reviewer. The reviewers should challenge the evidence, assumptions and conclusions and ensure the best ideas are generated.

The matrix should then be used by the Steering Committee to draft the Recommendations Plan in the next step.

Checklist: Analysis	✓
Did we set priority areas for review?	
Have we documented the process flows and identified areas for improvement?	
Have we identified any opportunities to change the funding arrangements?	
Have we benchmarked our services against good practice?	
Do we understand our community's needs and wants?	
Have we assessed all the potential risks?	
Do we have all the information we need?	
Have we completed a Matrix of Services?	
Have we evaluated this step?	

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[31] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197

8 Developing recommendations
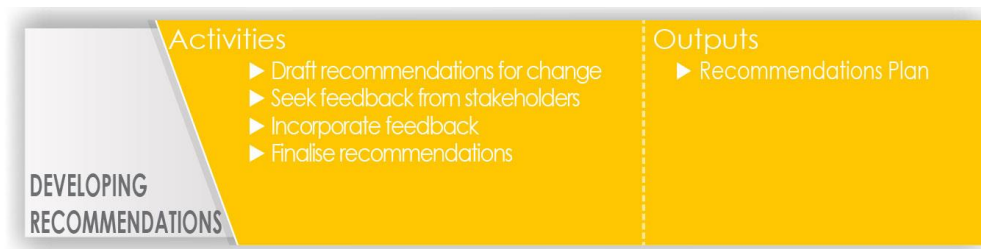
8.1 Draft Recommendations Plan

The Matrix of Services will identify what can be changed to deliver on the objectives of the review and help formulate recommendations about future provision and delivery of each service.

Based on this, a Recommendations Plan should be drafted covering each service, including an analysis over one to five years of:

- Process/policy/contractual changes
- Financial and resource impacts, especially where the service provider is changing
- Forecast savings
- Forecast increases or decreases in revenue
- Proposed staff changes in terms of full time equivalent positions
- Opportunities identified that were not considered due to time constraints or other reasons.

A Recommendations Plan template is included at Appendix A Section h.

8.2 Stakeholder review of draft Recommendations Plan

All stakeholders should be given the opportunity to review the draft Recommendations Plan and give feedback. The feedback should be assessed and the Project Team should communicate if any adjustments to the recommendations were made.

8.2.1 Internal stakeholders

Seek feedback from key internal stakeholders such as:

- **The Steering Group** – the draft plan should be presented to this group, especially to get feedback for particular areas of focus, such as where services are to be reduced, spending cut or alternate models of service provision introduced
- **Staff from the departments/services under review** – this may include speaking at team meetings or one on one with staff members to explain the rationale for the recommendations and get feedback
- **All staff** – a summary of the key draft recommendations should be presented to staff for information and feedback
- **Elected members** – the draft plan should be presented to elected members with discussions around sensitive areas or ones with high impacts for the community.

City of Playford, SA did not implement all the draft recommendations. About half were implemented, with variations, following review by councillors[32].

Councillors from Port Stephens Council, NSW amended the recommendations put to Council for two of the nine services reviewed[33].

8.2.2 External stakeholders

Seek feedback from key external stakeholders such as:

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

At the City of Melville WA, the community was involved with suggested changes. For example, all Health and Community Care services were recommended to be transferred to a not-for-profit provider. To manage this change, an extensive Engagement and Communication Plan was developed and deployed with both users of these services and also with volunteers[34].

8.3 Finalising recommendations

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

The final Recommendations Plan should then be referred to the Steering Group for endorsement and then communicated to all stakeholders.

Checklist: Developing recommendations	✓
Did we prepare a draft Recommendations Plan?	
Did we make it available so relevant stakeholders could review and comment?	
Did the method via which we asked for feedback work?	
Have we effectively analysed all the feedback and modified the draft accordingly?	
Have we provided feedback as to whether and how stakeholder comments were incorporated into the final plan?	
Have we produced a final Recommendations Plan?	
Have we communicated the final plan to stakeholders?	
Have we evaluated this step?	

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[32] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

[33] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

[34] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

9 Implementing change

Activities	Outputs
▶ Develop an Implementation Plan ▶ Implement the plan and make change ▶ Document change ▶ Map new processes and service standards	▶ Implementation Plan

IMPLEMENTING CHANGE

9.1 Develop an Implementation Plan

After the Recommendations Plan is finalised and communicated, local governments need to plan, carefully manage and actually implement the changes required to improve service delivery.

All the recommendations should be converted into actions and detailed in an Implementation Plan. This plan records and tracks the associated changes to each service. As the actions are planned and implemented progress should be reported regularly to the Steering Committee.

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

> At the City of Melville, WA, an Implementation Plan was prepared based on recommendations adopted by councillors. The recommendations were prioritised based on community needs and how the service could be provided. Progress was reported each month to the Executive and reported through quarterly reviews to Council[35].

> At Parramatta City Council the 120 recommendations from the review were categorised and prioritised based on a matrix of business needs and ease of implementation. All recommendations were assigned a responsible officer, a business case developed for each and key information summarised into a spreadsheet. Progress on change is reported quarterly[36].

For each recommendation, the Implementation Plan should include:

- What changes to policy, process and resources are required
- Who is responsible, for example, individual managers, cross departmental teams
- Who is affected
- Costings for the change
- Expected outcomes
- Impact on annual budgets/financial plan
- Impact on fees and charges
- How the changes in terms of process and outcomes will be evaluated.

Any changes to staff positions should be managed in accordance with the State Award/Enterprise Agreement staff union representatives/HR.

> An Implementation Plan template is included at Appendix A Section i.

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[35] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://lwww.acelg.org.au/downloadUpdate.php?docId=197

[36] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

9.2 Make change

Local governments need to take a structured approach to transitioning stakeholders and their organisation from the current state of play to a new situation.

To fully implement the recommendations, a major change management process may be required. In larger local governments, a Change Manager could work closely with an Implementation Coordinator to run the implementation phase. In smaller organisations the department head or staff may make the changes required and report to the Project Team/Steering Committee.

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

9.3 Document changes

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

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

Checklist: Implementing change	✓
Did we develop a detailed Implementation Plan?	
Have we allocated staff and other resources to make change?	
Have we documented the new and changed processes?	
Are we keeping stakeholders informed of progress?	
Have we evaluated this step?	

10 Evaluating and reporting

10.1 Evaluate the change

Local governments should use an Evaluation Framework to monitor the process and outcomes at each stage in the review and make adjustments if necessary.

Then, at specific points during and at the end of implementation, the outcomes achieved should be assessed to evaluate:

- How effective the change has been at delivering expected benefits
- How effective the process of change has been
- How well the objectives of the review were met
- How key stakeholders view the process of change and the changes implemented.

The outcomes from the evaluation should be summarised in a separate section in the final Service Delivery Review Report, see Section 10.2.1.

10.2 Share outcomes and key learnings

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

Local governments should ask key questions such as:

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

10.2.1 Report results to stakeholders

The purpose of reporting is to communicate with stakeholders about the outcomes and benefits achieved as a result of the service delivery review. Local governments should prepare a Service Delivery Review Report which can be a stand-alone document or included as a section in their Annual Report.

A Service Delivery Review Report template is included at Appendix A Section j.

In addition to including a summary of the evaluation, the Service Delivery Review Report should cover:

- Executive Summary – key changes made, benefits and outcomes from the review
- Background – the objectives and the review process
- Recommendations – what the recommendations were and why
- Implementation of change – how and what change was made
- Evaluation of change – evaluation of the process of change as well as the outcomes
- Conclusions – summary of benefits and outcomes (see examples in Table 6)
- Recommendations for the future – how the review experience can help others.

This report can also be used for the production of other internal and external communications material such as summary documents, web content, community newsletters, media releases, local radio releases, presentations and conference papers.

As noted above, the report should summarise benefits/outcomes such as those shown in Table 6.

Table 6: Examples of benefits/outcomes to include[37]

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

Golden Plains Shire Council, VIC reports annually against the following objectives:
- Deliver the best possible services within the limits of Council's resources
- Engage with communities and service users
- Provide transparent and accountable processes
- Develop and maintain a relationship of trust between Council and its residents[38].

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[37] Based on information in ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

[38] Golden Plains Shire Council (2013) *The 19th Golden Plains Shire Council Annual Report 2012-13*. Available at https://goldenplains.vic.gov.au/webdata/resources/files/Annual Report_webFINAL 16_9_13.pdf

Bayside City Council, VIC produced a *Youth Services Review* following benchmarking and review of the youth services provision.

The report was divided into:

- Summary of recommendations
- Executive summary
- Background and context, including benchmarking
- Service profile
- Key issues
- Detailed recommendations, including rationale for recommendations, resource implications, performance measures and timeframe to implement[39].

10.2.2 Share learnings

Although every local government is different, sharing experiences:

- Ensures that other individuals and local governments can benefit from other service delivery reviews
- Broadens the discussion with other local governments about what constitutes an effective review process and builds evidence-based change
- Promotes debate and reflection which is informed by evidence and improved professional practice, supports other organisations and provides an opportunity for networking.

Examples of learnings which have been shared by other organisations[40]:

- Think about using a proprietary business improvement tool
- Better balance the need for a speedy review with existing staff workloads
- Build in quick wins as some reviews go on for a long time with no tangible outcomes
- Conduct the review methodically to get the full benefit
- Better balance resources and outcomes
- Make good use of internal knowledge and go to where staff work
- Better quantify impacts of recommendations
- Collaborate and learn more from other councils
- Ensure clarity of objective and process
- Build staff and community capacity to participate effectively
- Allocate more time to developing and assessing recommendations.

Rockdale City Council, NSW identified key learnings as:

- Service delivery review engages key decision-makers in their respective services to share their perceptions on opportunities for improvement
- Staff involvement builds their capacity and they become more business-minded in approaching service delivery
- The model for review which was developed in-house is an effective review tool[41].

10.2.3 Knowledge management

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

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[39] Bayside City Council (2004) *Youth Services Review*. Available at:
www.bayside.vic.gov.au/youth_services_bv_review.pdf
[40] Based on information in ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197
[41] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at:
http://www.acelg.org.au/downloadUpdate.php?docId=197

- The Local Government & Municipal (LGAM) Knowledge Base. See: lgam.wikidot.com
- ACELG Community run by the Australian Centre of Excellence in Local Government. See: www.acelg.org.au/community
- The relevant state-based local government managers member services, conferences, training and excellence awards
- The Local Government Business Excellence Network. See: www.lgben.net.au
- Any local government collaborations.

10.3 Plan the next review

As with any continuous improvement process, service delivery reviews are iterative so after completing one review cycle, the next one should be planned. Usually organisations review all their services over a two to five year timeframe because of changes in:

- Financial, environmental, social or governance pressures
- Community characteristics
- Community needs and wants.

Using the work already completed, a business improvement framework and the key learnings/suggested improvements, local governments will be in a strong position for subsequent reviews.

In the meantime, local governments should establish a process to capture any further opportunities for service delivery improvements or efficiencies from their stakeholders. Recording suggestions and planning to address them is all part of continuous delivery.

Local governments are trialling a range of options for scheduling reviews. Some include:
- Reviewing all services on an annual basis, in line with the business planning process. This process already includes a high level review of services and highlights where service managers may need to take a more in depth or targeted review
- Developing a schedule of service reviews on a service by service basis
- Reviewing services as part of the strategic planning cycle and linking the results back to the development of the strategic plan[42].

All good businesses should undertake annual review of certain services but undertake an overall organisational review each 3-5 years. That is my belief and something I have practiced in the past 20 years.
CEO District Council of Tumby Bay, SA[43].

Checklist: Evaluating and reporting	✓
Have we evaluated the review process and the changes implemented?	
Have we produced a Service Delivery Review Report?	
Have we shared our results with others?	
Have we scheduled the next service delivery review(s)?	

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[42] Department of Planning and Community Development Victoria (2006) A guide to achieving a whole of organisation approach to Best Value. Available at: www.dpcd.vic.gov.au/__data/assets/pdf_file/0016/53080/Best-Value-August-2006.pdf

[43] See: ACELG (2012) *Service Delivery Reviews In Australian Local Government*. Available at: http://www.acelg.org.au/downloadUpdate.php?docId=197

Appendix A.   Templates and tools

Section	Template/tool	Purpose
a	Request for Tender for engaging external consultants	To help draft a request for tender if your organisation wishes to outsource all or part of the service delivery review
b	Stakeholder Engagement/Communications Plan	To identify the stakeholders in the review, how they will participate and what information will be shared with whom and when
c	Evaluation Framework	To evaluate the process of the review and determine if and how the objectives of the review are being met
d	Review Plan	To summarise the objectives of the review and team structure
e	Service Statement	To document information about existing services
f	State of Play Report	To summarise current services, levels of service required, gap analysis and potential focus areas
g	Matrix of Services	To collate information on each service to help identify opportunities for change
h	Recommendations Plan	To detail recommended changes to service delivery
i	Implementation Plan	To detail how changes will be implemented, the cost and expected outcomes
j	Service Delivery Review Report	To communicate the outcomes of the review to stakeholders

a. Request for Tender for engaging external consultants

1. Covering letter:

Re: Service delivery review

We are seeking written quotations for the provision of a review of our service delivery in accordance with the scope set out herein.

For additional context regarding our history, current structure and planning frameworks please refer to our website.

The deliverables for the project are set out in Section X and detailed in summary form below. Consultants are requested to address all phases. We reserve the right to select a provider as per the terms set out in Section X.

We are undertaking the work below on the basis of the timeframe in Section X. In preparing your response, please set out your ability to comply with this timeframe. Consultants who are unable to meet this requirement will not be eligible for selection.

The consultants will review and make recommendations on:

Phase 1:

1. Provide a program of work, including, where necessary, the involvement of key personnel, to maximise the *[insert the purpose of the service delivery review here]* in the delivery of our services. This should include identification of all services *[or insert the services you wish to be reviewed])*, detailed analysis of services and workflows, including benchmarking against comparative organisations, opportunities for alternative service delivery models and input from key stakeholders

2. A planned or phased approach to the review of selected functions and/or operations (eg. structure, processes, systems and governance) with appropriate review and sign off processes

3. An implementation plan taking into account best practice methodologies regarding change management and long term sustainable realisation of the benefits identified.

Phase 2:

Depending on the results in Phase 1, and in consultation with us:

1. Assist with the implementation of changes to service delivery

2. Undertake a review of our future service delivery needs

3. Develop review plans and implementation projects for other services

The purpose of this document is to seek quotations for the engagement of suitably experienced consultants to work in partnership with us in the undertaking of the proposed work.

Quotations must be in accordance with the attached specification and criteria. Please ensure your written quotation is lodged by [*time, date, month, year*].

Thank you in anticipation of your written quotation. You will be advised if you have been selected as the successful consultant in due course.

In the meantime, please direct any general and specification enquiries to *[Person in charge of collating tenders/project manager]* on *[add phone contact and email address]*.

Yours sincerely

2. Project brief

Introduction

- Provide a summary of your organisation, where it is located, the challenges facing you and any changes in community needs/wants which need addressing.

Background information

- Provide background information about budgets, structure, services provided and details of any outsourced services
- Say why you decided to undertake a service delivery review, the objectives of the review and the outcomes you hope to achieve
- Include any existing internal structures set up for the review such as a Steering Committee and any external structures eg. community reference group
- Include details of any background work you have already completed on service delivery reviews such as mapping your services, investigating partnerships and community consultation.

Scope of work

- Include a timeframe for each phase
- Include more detail for each phase (if you have it) as to what you would like the consultants to do. Include this information in the covering letter
- State the project timeframe and deliverables such as Review Plan, Evaluation Framework and Stakeholder Engagement Plan and state what they should include eg. state of play, recommendations, implementation activities and milestones
- Request or state a payment schedule for the work performed
- State who the consultants would report to.

Details of key stakeholders to consult

- Provide an indication of who these might be.

Include any other relevant documentation

- Include any other information the consultants should take into account.

3. Guidelines for consultant submission

Provide guidance for the consultant if you can, such as:

- Tender response form, including company name, address and contact details
- Name and contact details for key personnel
- Description of the consultant's expertise in the required area, including a list of similar consultancies undertaken in the last five years together with client contact information
- A list of personnel (including any sub-contracted personnel) to be used in the consultancy together with their curricula vitae and proposed contribution to the consultancy
- A brief outline of how the consultant understands the task
- An outline of the methods and processes to be used, based on the tasks identified
- The consultant's fee estimate with an hourly rate and a quantum of hours per person
- Proof of appropriate insurance for public liability, personal illness and injury insurance and professional indemnity insurance
- A detailed project plan with timelines.

Tenders should be concise and relevant to the aims and requirements of the consultancy as specified in the project brief. However, prospective consultants should not be discouraged from making alternative suggestions in their proposals, either in terms of the technical content of the work, or in terms of arrangements for consultancy. Any such variations from the brief must be clearly identified as such.

4. Selection criteria

The Service Delivery Review is to be undertaken by a competent and experienced consultant who has the required background experience, understanding and expertise to complete the task in an appropriate manner within the timeframe specified.

This includes:

- Demonstrated ability to meet the specific requirements outlined in the project brief
- Demonstrated knowledge and understanding of our planning processes
- Experience in working with and consulting our officers and staff, representatives of community organisations and the general public
- Ability to undertake the required work within the timeframe specified
- Value for money
- Reputation within the industry
- Program of work.

5. Compliance and other information

- Any compliance and insurance details required
- Any special conditions, for example, commitment to workplace, health and safety or sustainability
- Lodgement details
- Quotation format/acceptance
- Copyright
- Next steps.

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b. Stakeholder Engagement/Communications Plan

Example activity [to complete]	Stakeholders [to complete]	Level of Engagement	Objectives [to complete]	Actions [to complete]	Responsibility [to complete]	Timing [to complete]
1. Elected member reports	Elected members	Empower	• To inform elected members of proposed methodology • To provide in principle support of review process and approach • To provide input into the scope of review • To provide input into draft plans/reports			
2. Executive Management Team meetings	Executive Management Team	Empower	• To provide direction and give approval to Steering Group on direction and methodology of service review process			
3. Change Management workshop	Executive Management Team	Consult	• To provide Executive Management Team with tools and techniques to support staff undertaking service reviews			
4. Steering Group meetings	Steering Group Members	Empower	• To develop, maintain and drive implementation of the service review • To monitor and approve progress and completion of service reviews • To ensure service reviews are integrated with workforce planning, asset management and long term financial strategy requirements			
5. Review Panel meetings	Review Panel	Collaborate	• To test review findings with role as critical friend to provide rigour to the process			
6. Managers Group meetings	Managers whose services are being reviewed	Collaborate	• To support each other and share learnings			

7. Coordinator Group meetings	Coordinators whose services are being reviewed	Involve	• To work directly with coordinators to:
			  – Inform them of the process
			  – Listen to their concerns
			  – Workshop the best methodology
			• Provide clarity and support around process			

8. Management meetings – regular agenda item	Directors All managers	Inform	• To be transparent of process and keep managers informed			

Example activity [to complete]	Stakeholders [to complete]	Level of Engagement	Objectives [to complete]	Actions [to complete]	Responsibility [to complete]	Timing [to complete]
9. All Staff – various sessions	All staff	Inform	• To be transparent of process • To give staff an overview of service reviews • To help staff find the most up to date information			
10. CEO/General Manager briefings	All staff	Inform	• To be transparent of process • To give staff a progress update			
11. CEO/General Manager bulletin	Elected members Directors Managers	Inform	• To be transparent of process • To give staff a progress update			
12. Service Planning intranet page	All staff	Inform	• To be transparent of process • To guide staff to most up to date information			
13. Initial training	Service Review Team	Inform	• To provide staff undertaking service planning with information and training to be able to undertake the review of their service • To enable managers to feel confident in their task			
14. Service planning online tools	Coordinators Managers Directors CEO	Inform	• To provide managers with easy to access information and tools to enable them to undertake the review			
15. Service Review Team meetings	Service Review Team staff undertaking service reviews	Collaborate	• To allow members to share and network with each other • To enable Project Team to provide advice and support • To keep track of progress • To give members dedicated and regular access to Project Team			
16. Mentoring	Managers whose services are being reviewed	Involve	• To provide external guidance and support to managers			
17. Various community activities	Community in general Community Advisory Group	Various	• To engage the community in the review • To understand services required and set levels of service • To obtain feedback on options • To review recommendations			

c. Evaluation Framework

	Example outcome hierarchy [to complete]	Example evaluation questions [to complete]	Performance indicators [to complete]	Performance information [to complete]	Judgements about success [to complete]
Ultimate outcomes	• Service delivery review meets objectives	• Did we achieve the objectives of the review? • Has individual and organisational capacity for planning, management and service delivery improved? • How can the review process be further improved? • How can we share our experiences with others?			
Intermediate outcomes	• Service delivery better planned, managed and reviewed	• To what extent is the service delivery review leading to improvements in service delivery? • To what extent is the review having the anticipated effect? • Is the community more involved with service delivery? • Has the service delivery review had unexpected impacts? • Has the capacity of our staff to conduct reviews increased? • What do we now know about service delivery?			
Immediate outcomes	• Stakeholders engaged with service delivery review	• What was response to the service delivery review from our stakeholders? • To what extent did our stakeholders engage with the review? • What additional information do we need? • Are the processes appropriate for the capacity of the stakeholders? • Is the review delivering the expected outcomes?			
Activities/ outputs	• Set up structure for review • Engage key stakeholders to understand gaps in service delivery • Design and conduct service delivery review • Make recommendations • Develop an implementation plan • Make changes • Report and evaluate change	• Was the structure for the review appropriate and did it lead to effective flows of information and decision-making? • Did we identify all our services and sub services? • Was the process to engage stakeholders well managed? • Did we understand and identify all the key concerns that our stakeholders told us about? • Were our engagement activities cost effective? • Was the process to review each service effective and efficient? • Did we effectively review our reports with stakeholders and incorporate feedback? • Were the results of the review and the recommendations effectively communicated to our stakeholders?			
Need	• To undertake a service delivery review and meet the review objectives	• Did we correctly identify the objectives for the review? • How does service delivery review link into other processes? • What issues could impact on the ability to conduct the review?			

d.   Review Plan

Section	To include
Background	• Background to the service delivery review
Objectives and scope	• What the review aims to achieve and what areas it will cover
Team structure	• Key personnel involved
Resource requirements	• What resources are required
Timeline	• Timetable for review and key milestones
Stakeholder engagement	• How and when stakeholders will be engaged

e. Service Statement

| Group: [Insert area responsible for delivery] | Division: [Insert division responsible] | Responsible Officer: [Insert title of person responsible] |

What does this service do?

[Provide a brief description of service]

External or internal service

[State whether the service is external or internal]

How does this contribute to our strategic plan?

[Insert details]

Are we legislatively required to deliver this service?

[Yes or no]

[If yes, what legislation governs this service?]

What legislation? does this service comply with?

[Provide details even if the service is not mandated]

Subservice 1

Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Subservice 2

Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Subservice 3

Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Subservice 4

Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Subservice 5

Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Subservice 6

Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Subservice 7			
Outputs	Service standards	Community's view of quality of service	Community's view of importance of service

Financial Year 20XX/20XX						
Subservices	Total ($000s)			Staff numbers (FTE)	Key issues	
	Income	Expenditure	Net cost of Service		Current	Future
Subservice 1						
Subservice 2						
Subservice 3						
Subservice 4						
Subservice 5						
Subservice 6						
Subservice 7						
TOTAL						
Notes						

f.   State of Play Report

Section	To include
Current services provided	• Service statements
Results from previous stakeholder engagement	• Existing information about stakeholder needs/wants now and in the future
Levels of service required	• Existing information based on legislation, strategic objectives or stakeholder expectations
Opportunities for alternative models of service provisions	• Potential options to be considered
Gap analysis	• What services could be provided differently with different service levels
Areas of focus	• Potential areas to prioritise

g.   Matrix of Services

Service name	Subservice	Financial/community/ environmental benefit	Staff impacts	Comparison to benchmarks	Levels of service change required	Risks	Barriers to change	Ease of implementation

h.   Recommendations plan

Service name	Subservice	Responsibility	Recommended changes	Expected financial outcomes (savings, revenue changes)	Expected staff changes	Expected changes in assets

Stakeholders consulted	Feedback	Feedback incorporated?

i. Implementation Plan

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

j.   Service Delivery Review Report

Section	To include
Front cover	• Name of the service/subservices • Date the report was completed • Name and title of the author
Statement of compliance	• Review timeframe • Staff responsible for the review • Staff who signed off on the review and plans
Executive summary	• Key changes made, benefits and outcomes from the review
Background	• The objectives, scope and the review process
Recommendations	• What recommendations were made and why
Implementation	• What change was made and how
Evaluation	• Evaluation of the process of change and the changes made
Conclusions	• Summary of benefits and outcomes
Learnings	• What was learnt and how your experiences can help other organisations and/or your next review
Appendices	• Various stakeholder communications based on this report eg. summary report, one pager, web site content, final briefing for elected members

Appendix B. Alternative service delivery models

B.1   Shared services and resources

Shared services[44] have been considered in recent national and state inquiries into local government. All agree that shared service models play a useful role in improving financial sustainability as they can be a cost-effective way for local governments to share resources, tackle common tasks or take advantage of economies of scale.

Shared service provision has occurred on a large scale in British local government and many different kinds of shared services have been implemented across Australia, including via Regional Organisations of Councils.

As a guide, services meeting one or more of the following criteria may be suitable for sharing:

* Require high degree of expertise
* Largely self-contained
* Can realise economies of scale
* Non-strategic, low risk, rule-based services
* High volume transaction processing
* Services requiring access to the latest technology.

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

* HR functions, such as recruitment and payroll
* Call centre operations
* Finance, such as budgeting and reporting
* Rating, such as notice production and debt recovery
* IT Support
* Marketing/Communications
* Procurement
* Legal services
* Internal audit.

Other service areas that are often considered for shared delivery include:

* Library services, for example, book stocks
* Asset maintenance and construction, for example, road maintenance at remote joint boundaries
* Shared plant and equipment to maximise plant utilisation.

Sharing can also be invaluable where one local government is unable to attract or retain staff skills in a particular discipline and another organisation has spare capacity, such as in engineering design or development assessment.

For shared service arrangements to be successful there needs to be an identifiable benefit to both organisations, whether this is in service improvement, cost savings, income generation or improved utilisation. In addition, the organisations should share common values and service levels.

B.2   Strategic relationships with government or not for profits

Delivering services through a strategic relationship with other government or not for profits is not regularly included in the scope of service reviews. Some examples where strategic relationships have been successful include:

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[44] See pre-requisites for undertaking shared services at ACELG (2012) *Legal and governance models for shared services in local government: Interim report*. Available at: http://www.acelg.org.au/system/files/publication-documents/1337646438_Legal_and_Governance_Models_for_Shared_Services_3.pdf

- Health and Community Care Services being provided by a non-profit organisation
- Use of school or TAFE facilities for out of hours community use
- Out of School care services
- Tourism promotional services by non-profit organisation.

B.3   Arms length entities

Arms length entities[45] are those that are established by local governments but with a clear separation from their own management and operations. Their advantage is that they are free to operate outside the local government framework and avoid various legislative constraints and conflicts of interest between the regulatory and provider roles of local government. They also minimise financial risk to public funds and enable the engagement of the required commercial and corporate expertise.

Examples include property leasing and land development.

In some states and New Zealand, it is common practice for local governments to place their commercial activities under separate companies that are controlled by external Boards. It is however, much less common in NSW, where Section 358 of the NSW Local Government Act 1993 restricts local governments forming a corporation or other entity without first obtaining the consent of the Minister for Local Government. In applying for the Minister's consent, the local government must demonstrate that the corporation or entity is in the public interest.

When considering opportunities for an arms length entity, the focus on obtaining a financial return on the investment. An arms length entity is free to source the expertise and resources that are required, as distinct from a business enterprise that is established within local government.

B.4   Business enterprises

The main purpose for a new business enterprise is to generate additional income especially where one of the service review objectives is to seek alternate sources of income to contribute to financial sustainability.

These types of enterprises differ from arms length entities because they generally stem from the provision of an existing community service. Examples of local government services that have formed business enterprises include:

- Commercial waste collection services
- Commercial printing and graphic arts services
- Civil construction or maintenance services
- Consultant engineering or town planning services
- Landscape maintenance services.

When considering options for a new business enterprise, a preliminary feasibility assessment should be undertaken to determine costs/benefits, risks and opportunities.

If there is surplus capacity in an area of local government operations that could deliver services to the external market, without the need to purchase additional resources, then the risks are low. In these cases, a pricing model should be developed to see if it generates a positive return.

However, if the expansion into the external market requires a capital investment such as the purchase of additional plant or additional/new staff expertise, then the next step should include the development of a business plan to ensure the viability of the proposal. It may be prudent to have the business plan reviewed externally, particularly where the returns are considered marginal, or the consequence of failure is high.

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[45] See also state by state requirements for setting up arms length entities in ACELG (2012) *Legal and governance models for shared services in local government: Interim report*. Available at: http://www.acelg.org.au/system/files/publication-documents/1337646438_Legal_and_Governance_Models_for_Shared_Services_3.pdf

B.5 Joint ventures or Public Private Partnerships (PPPs)

PPPs usually involve a partnership between local government and the private sector for the purpose of designing, planning, financing, constructing and/or operating projects. The most frequent partnerships involve infrastructure projects.

Examples of joint ventures which have delivered efficiency improvements include:

- Regional waste collection contracts where neighbouring local governments partner in a single contract
- Cooperative, joint tendering contracts.

Note that some states require Ministerial or Treasury approval for PPPs.

B.6 Community run services or enterprises

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

Community enterprises have been increasing in recent years. A growing number of rural towns across Australia are setting up community enterprises to provide new services or to save an existing service that can no longer be supported by local government.

Examples include community gardens, nurseries, festivals, sports facilities and cemeteries. Profits from community enterprises are usually retained within the local community or reinvested in the enterprise.

B.7 Outsource to external providers

There are a number of internal and external influences when considering outsourcing, including:

- Senior management and political appetite for outsourcing
- Whether the local government is the major employer in the community
- The availability and competitiveness of external service providers
- The required level of control over the service.

The following criteria can help assess the suitability of a service for outsourcing:

- Largely self-contained – not closely linked to other services or functions
- High economies of scale – high production volumes and highly standardised
- Non-strategic – low impact on strategic direction
- Low complexity and rule-based – easy to specify and monitor
- Changing or specialised technology – high capital and ongoing technology costs
- High supplier availability – large numbers of potential suppliers or contractors
- Cost competitiveness.

Before making a decision on outsourcing, local governments should consider the social impact of their decision, particularly if it is a major employer in the community. This is particularly relevant in remote and regional centres.

About ACELG

ACELG is a unique consortium of universities and professional bodies that have a strong commitment to the advancement of local government. The consortium is led by the University of Technology Sydney's Centre for Local Government, and includes the University of Canberra, the Australia and New Zealand School of Government, Local Government Managers Australia and the Institute of Public Works Engineering Australia. In addition, the Centre works with program partners to provide support in specialist areas and extend the Centre's national reach. These include Charles Darwin University and Edith Cowan University.

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