

SERVICE DELIVERY REVIEWS IN AUSTRALIAN LOCAL GOVERNMENT

Background

This paper looks at the methods, findings, recommendations and outcomes of service delivery reviews undertaken in 11 councils across Australia. Local government service provision has transformed significantly over recent decades. Councils have moved beyond a narrow emphasis on 'roads, rates and rubbish' towards broader objectives to promote the social, economic, environmental, and cultural wellbeing of communities. At the same time community expectations of local government have increased while other levels of government have devolved various functions. The overall effect is that councils must provide a greater range of services while endeavouring to meet higher standards.

Costs for providing services and maintaining infrastructure have been increasing considerably faster than generated income. Given these pressures, some councils have embarked on formal reviews to ensure the services they provide are relevant to their communities and are financially sustainable in the long term. Although the research found that service reviews mean different things to different local governments, a common objective was to ensure 'value for money' for ratepayers. As a result they were usually aimed at identifying opportunities for:

- Service and activity improvements,
- Cost savings and income generation,
- Service level optimisation, and
- Improved efficiency and resource usage.

The eleven service reviews covered by this research project were carried out between 2008 and 2011. The timeframe for conducting a review program across the council ranged between 6 months and 2.5 years. Individual service reviews lasted from as little as 6 weeks to 2 years. The implementation of recommendations extended beyond that period and some are continuing. Councils participating in the project have been generous with providing information and outcomes. As a result the report contains detailed examples and case studies from each council.

Observations

Although the primary driver to undertake a formal review of services was the need for councils to secure their long-term financial sustainability, this was not the exclusive focus. A strong emphasis was also placed on improving the quality of services. The process was seen by many as a useful vehicle for developing an organisational culture to support innovation and continuous improvement. Other more specific reasons for undertaking a formal service review included the desire to:

- respond to changing customer priorities and needs
- determine the right mix of services
- align the services with the council's vision
- review and optimise service levels
- build staff capacity and skills
- help determine the role of local government and what is core business
- define statutory and non-statutory services, and assess the need for non-statutory services
- consider alternative service delivery mechanisms

- consider the potential for divestment of services
- identify new business opportunities
- share the provision of services with other organisations

Process and Methodology for Service Delivery Reviews

Councils in this study found it necessary to tailor their reviews (both in scope and process) to meet their individual circumstances and objectives. The process and methodology chosen were determined by a council's level of physical and financial resources, political climates, demographic profiles, and organisational cultures, precluding a 'one size fits all' approach.

The means for prioritising which services to review varied significantly. Where financial savings were a primary focus, services tended to be prioritised according to a 'high-level' assessment of savings or income generation potential.

Typical information gathered for each service included:

- Resources involved in the service delivery (budget, staff, assets, contractors)
- Current levels of service (including outputs)
- Stakeholder identification (internal/external)
- Service delivery method (outsourced, in-house, etc.)
- Relationship with other services including any duplication
- Current level of satisfaction with service
- Service utilisation
- Current proposals for changing the service
- Quadruple bottom line benefit
- Current performance indicators
- Partners and competitors

Levels of Service and Modes of Delivery: An examination of levels of service were fundamental to these processes and most local governments identified specific changes for councils' consideration, assessing factors such as quantity, quality, timeliness, reliability, responsiveness and accessibility. Changes to delivery modes were also a key focus, and service delivery methods considered included shared services, joint ventures, public/private partnerships, community run enterprises, outsourcing through the use of external contractors, new entrepreneurial ventures or enterprises, use of 'arms length' entities to manage the service such as external boards or corporatisation.

Implementation and Outcomes: Councils identified several benefits arising from the reviews including financial efficiencies and savings, improvements in staff culture, and customer satisfaction among many others. Many councils committed significant time and resources to these reviews. It was therefore important to find a balance between the length of time taken to undertake a review through to implementation, the amount of resources used and the quality of the outcomes. This balance needs to be individually assessed based on the council's circumstances and organisational drivers.

Future Directions

Representatives from ACELG, UTS:CLG and SmartGov have identified a number of options to further assist and encourage councils in undertaking service delivery reviews, based on the findings of this research project. Further details are outlined in the full report.

For a full copy of the report download from www.acelg.org.au
For further information contact Sarah Artist sarah.artist@uts.edu.au