



Organisational Leadership and Effectiveness at the City of Playford

Message from the Chief Executive Officer



As Chief Executive Officer of the City of Playford for the last 17 years, I have come to realise the importance of progressive and forward thinking. There is no doubt that one of the primary challenges facing local government is leading an organisation that can increase its performance and delivery of business outcomes, to better service the community and deliver value for money to our ratepayers.

The City of Playford has been identified to play a pivotal role in the South Australian 30 Year Strategic Plan. It is anticipated that the region will undergo significant growth over the coming decades, with the population expected to double in the next 30 years.

As a result, it is essential that Council is adequately equipped financially and organisationally, to deal with the pressures on infrastructure, social services, transport, community and environment in order to be able to adequately address and sustain growth.

Council commenced a journey to improve its financial situation over the past decade by tightening expenditure, whilst continuing to deliver improved services to the community.

However, to gain an understanding of the full potential of any further operational cost savings achievable, it was necessary to commit to significant investment. With Elected Member support PricewaterhouseCoopers were engaged to produce a

business case for moving forward, by undertaking a comprehensive review of the organisation. The business case identified that there were high level efficiency and effectiveness opportunities within Council operations, whereby there was a need to re-align the organisation to focus on cost recovery between business units, have a commercial focus, optimise service delivery and document service standards to realise the true cost of service delivery.

The business case confirmed that change was imperative to the future success of the organisation, both financially and operationally. Equipped with this information, Council endorsed the recommendations to deliver 9% ongoing savings. This included a 2% operating investment for the delivery of an Efficiency and Effectiveness Program, which equates to approximately \$1.5 million annually, over five years.

The recommendations coupled with the promotion and facilitation of strong leadership, skilful employees and best practices within the organisation will assist Council to be best placed to deliver its Strategic Plan effectively for the benefit of the community. In an ever-changing environment, where government funding and income sources are not guaranteed, it is vital that community interest remains at the forefront of council business.

The successes of Council's organisational leadership and effectiveness journey has surpassed my initial expectations and impressed audiences of like-minded organisations and academics nationally. It is with enthusiasm that I share the City of Playford's story with Local Governments across Australia.

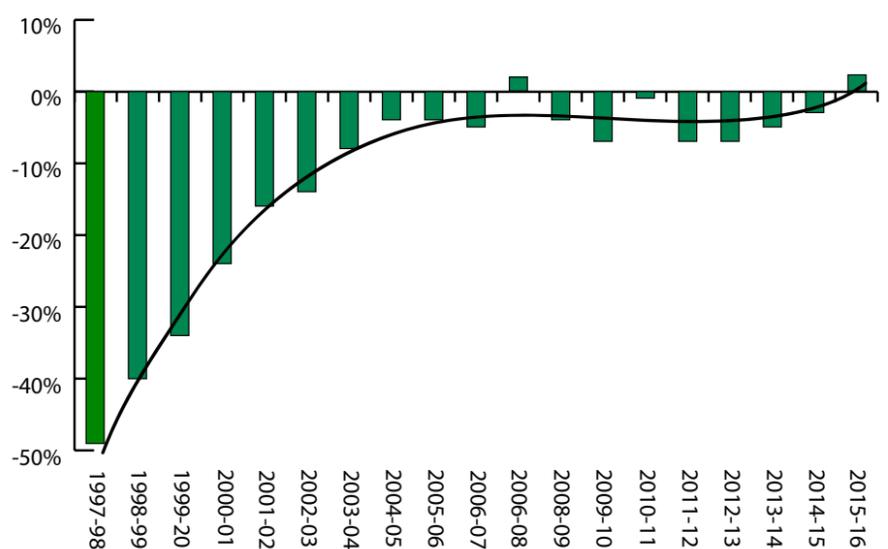
Tim Jackson,
Chief Executive Officer

Financial History

The City of Playford was formed in 1997, through an amalgamation of the City of Elizabeth and the District Council of Munno Para. At amalgamation Council had an annual budget deficit of \$9.2 million, 49% of operating revenue. In its first decade (1997-2007) Council successfully tackled the deficit, by addressing the duplication of roles at amalgamation, improving existing financial management practices and being the first council in South Australia to implement a long term financial plan (1998).

These efforts resulted in a reduction of the operating ratio deficit by 40% by 2011. However, at this time the operating ratio results plateaued (see graph below), highlighting that further work was required for Council to meet its long term financial sustainability target of operating surplus. This was the catalyst for the independent review of the organisation.

Operating result ratio since amalgamation



City of Playford Fast Facts

- Council area 346 square kilometres
- Fastest growing council in South Australia
- Eleventh fastest growing Council in Australia
- 30 kilometres from Adelaide CBD
- 400 employees
- 530 volunteers
- Operating budget \$88.4 million
- Capital budget \$36.8 million
- Net assets \$872 million
- 35 suburbs
- Population 85,000
- Land uses include commercial, residential, horticultural, industrial, manufacturing and open space





Organisational Leadership and

City of Playford's Business Model

With the support of Elected Members, Council embarked on an organisational re-design to build the required organisational capacity needed for the future, while ensuring the continuous delivery of services.

A new business model was created to identify how Council could become less reliant on rates and grants and become more self-sustainable. The first step was to align rate funded and non-rate funded services in order to make the organisation more efficient and effective with decision making and accountabilities. Following this was the documentation of service standards and a review of services to determine opportunities to improve and optimise service delivery, while maintaining value for money.

The City of Playford is currently taking a commercial approach to the way it operates and is exploring options for its Asset and Enterprises business units to behave similar to separate legal entities, charging for services and generating income. In the future there may be potential for these business units to become subsidiaries, with the intent to generate income that can be reinvested into the community through programs, services and community assets.

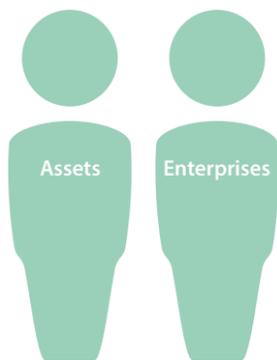
Rate Funded



Planning, Strategy and Compliance
To develop and implement the Strategic Plan

City Services
To maintain and where possible improve the service delivery within the Council

Non Rate Funded



Asset Services
To manage the assets portfolio of the Council

Enterprises
To support the organisation's internal services

Establishment of an Efficiency and Effectiveness Program

Following the independent business case and the creation of the Playford Business Model it was identified that there was a need to establish a dedicated program. The purpose of the Efficiency and Effectiveness Program is to invest in improvement of processes, workforce capacity and capabilities, systems to improve the quality of services provided to the community and to increase overall efficiency and value for money of Council services.

Council endorsed a five year Efficiency and Effectiveness Program along with the introduction of Efficiency and Effectiveness targets in the City of Playford's Long Term Financial Plan. The objective is to reduce Council costs by 9% per cent, over the five years (2011-2016), which equates to \$9 million ongoing annual savings from July 2016, without reducing services to residents.

An Efficiency and Effectiveness team was established in 2011, with specialist skills in change management, program management, project management and business analysis. The team was formed to assist the organisation with identifying, managing and achieving savings that would be ongoing and recurrent, by utilising best practice methodologies and frameworks including Managing Successful Programs, and continuous improvement.

City of Playford's Investment Model

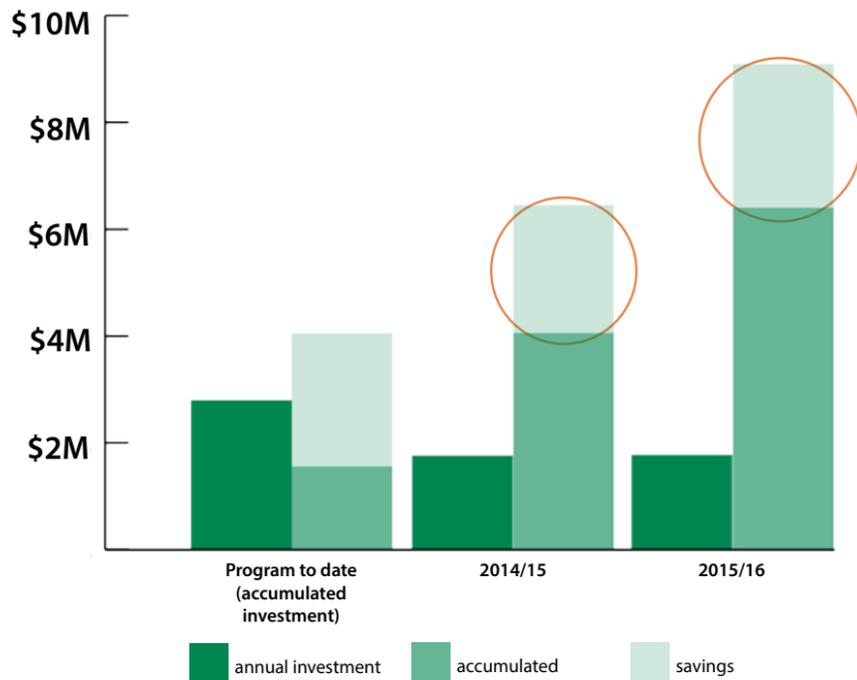
One of the critical success factors of the Efficiency and Effectiveness Program was significant investment in resourcing the new model. Council endorsed investment of 2% operating expenditure annually to support the organisation to deliver the Efficiency and Effectiveness Program. The Efficiency and Effectiveness Program is self-funding and therefore there is no additional cost to the rate payer.

'It was necessary to commit to significant investment.'
- Tim Jackson, CEO



Effectiveness at the City of Playford

Efficiency and Effectiveness Targets



However, they indicated a focus needed to be given to continuous improvement and highlighted a necessity for better management practices to be introduced to ensure the organisation would be prepared for the challenges ahead.

With the City of Playford Business Model developed and the Efficiency and Effectiveness Program in place, the organisation turned its focus to the workforce.

Requisite Organisation - A system of managing work

Hearing of the success that the Royal Automobile Association of South Australia (RAA), and other reputable organisations had with Requisite Organisation, Council embarked on the implementation of Requisite Organisation (RO).

RO is a system of managing work that creates an organisational structure where individuals are placed in roles that match their skill set and allows the workforce to deliver outcomes with clear direction, accountabilities and authorities to act. It is a validated managerial methodology with tested principles that create an organisational culture of trust, fairness and equity with value added leadership.

It was apparent that these principles would play a pivotal role in enhancing Council's managerial effectiveness. In the last 12 months the City of Playford implemented RO to enhance the existing management methods and to optimise the workforce to ensure that the right people were doing the right work, at the right time, for the organisation. This has involved clarifying accountabilities, upskilling management, and giving authority to deliver on tasks.

A leadership scan was conducted across the management group to score capability across a number of areas including: adding value to work, managing poor performance, communication methods and task delivery.

With RO continuing to increase managerial effectiveness, ultimately improving work through clarifying accountabilities it was identified that RO and Efficiency and Effectiveness complement each other fostering organisational leadership and effectiveness.

Organisational leadership and effectiveness is a way of planning and undertaking work effectively, leading to increased performance and delivery of business outcomes.

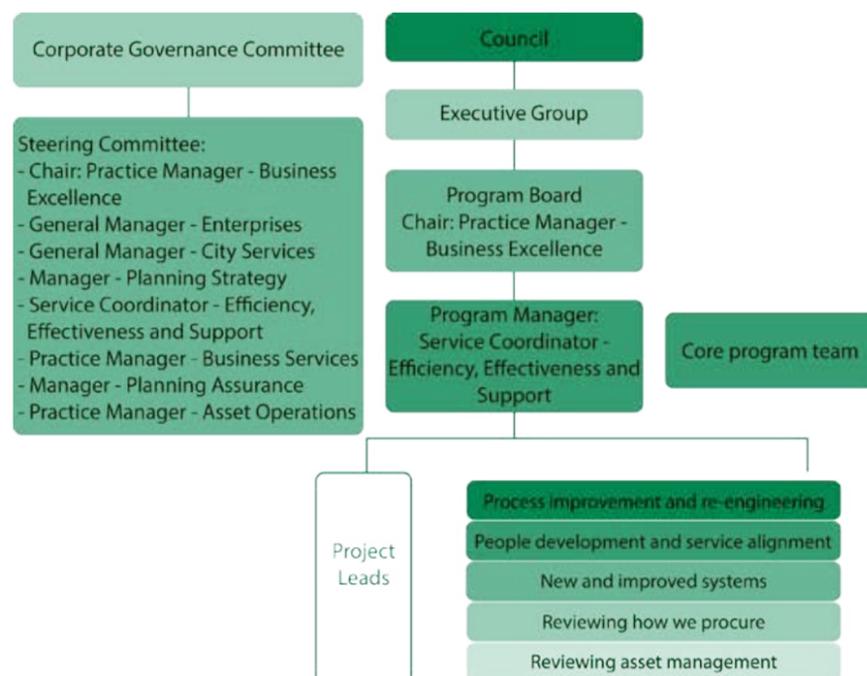
By drawing from the two principles RO and Efficiency and Effectiveness Council has provided staff with a favourable environment necessary to get work done.

The Efficiency and Effectiveness Program provides staff with the tools, processes, procedures and expertise, while RO ensures an organisational structure exists to allow people to deliver work outcomes with clear accountability and authority, while ensuring that the efficiency and effectiveness work is managed in a sustainable fashion.

Efficiency and Effectiveness Governance Structure

An organisational governance structure was developed to engage key stakeholders and monitor the Program's success.

The governance structure allows for reporting on the progress of the Program to the organisation, Elected Members and community. This reporting is independently audited to validate the savings and the benefits, and measured against Council's Annual Business Plan targets.



Late in 2013, a mid-point review of the Program was undertaken to ensure that it was progressing to plan and aligned to the future direction of the organisation. The outcomes of the mid-point review were favourable.

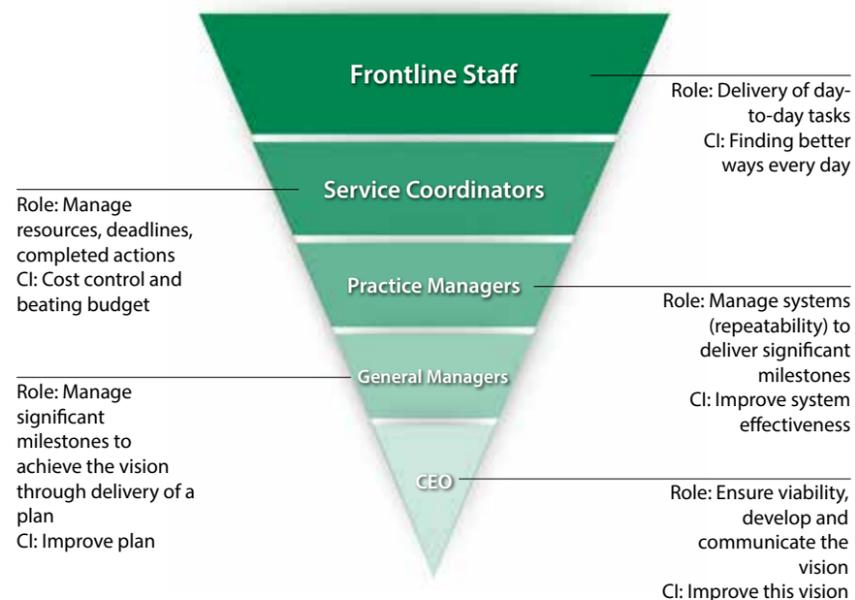
'Right people, right work, right time'



Organisational Leadership and Effectiveness at the City of Playford

One of the strongest integration points of Efficiency and Effectiveness and RO occurs when clarifying role accountabilities to continuous improvement. The diagram below illustrates continuous improvement accountabilities at various levels of work within the organisation's current structure.

Levels of work at the City of Playford and Continuous Improvement Accountabilities



CI - Continuous Improvement

Success so far...Looking to the Future...

City of Playford continues to be committed to responsible fiscal management and to date has delivered \$4.5 million of the \$9 million ongoing annual savings. Due to the success of the Efficiency and Effectiveness Program the City of Playford is in the strongest financial position since amalgamation and is on track to deliver its targeted savings of \$9 million by June 2016. Through a constant approach of implementing projects and initiatives which support a more efficient and effective organisation, Council is poised to break-even by 2015/16.

The Efficiency and Effectiveness Program has been well received by Elected Members and the community, so much so, that the Program has been extended for an additional three years to further reap the benefits of organisational leadership and effectiveness. The 9% savings target for 2015/16 remains.

However, the program savings target for the extension phase has been reset to 1% of operating expenditure annually, with continued investment.

'Council is poised to break-even by 2015/16'

By continuing to implement the Efficiency and Effectiveness Program and RO, the City of Playford is investing heavily in building organisational capacity to ensure that it is self-sustaining and able to adapt to challenges that may arise in the future. This will ultimately, position the City of Playford as a leader of organisational leadership and effectiveness in Local Government.

For further information about the City of Playford visit www.playford.sa.gov.au, email playford@playford.sa.gov.au or contact 08 8256 0333.

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