Excellence and Continuous Improvement in Australian Local Government

A Summary of Survey Responses from 155 Councils

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BY SARAH ARTIST

Program Manager: UTS Centre for Local Government

ACKNOWLEDGEMENTS

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Introduction

The Australian Government has contributed $8 million in funding for a Centre for Excellence in Local Government to enhance professionalism and skills, showcase innovation and best practice, and facilitate a better informed policy debate. As part of the Governance Program in the adopted Australian Centre of Excellence for Local Government Project plan for 2010, the *Review of Excellence Frameworks in Local Government* project has as its goal

> an upgraded excellence framework for Australian local government.

Around 70 councils in Australia have adopted the Australian Business Excellence Framework (ABEF) to drive their continuous improvement programs. Other products and tools are also available and in use by councils to drive excellence in a range of ways.

ACELG has commissioned the UTS Centre for Local Government to evaluate the tools which facilitate excellence in local government, and to consider further support and development of those tools. Consultation is currently underway with key industry contacts to explore opportunities for collaboration in identifing and addressing the needs of councils in driving excellence in local government.

In June 2010 the Australian Centre for Excellence in Local Government distributed an email survey to 554 local governments across Australia, inviting Chief Executive Officers to discuss their current practices in promoting excellence and continuous improvement.

A Profile of Survey Respondents

155 complete survey responses were received. Of the 105 respondents who gave their position titles, 87 of these (83%) were Chief Executive Officers. They represented all states, sizes and types of councils:
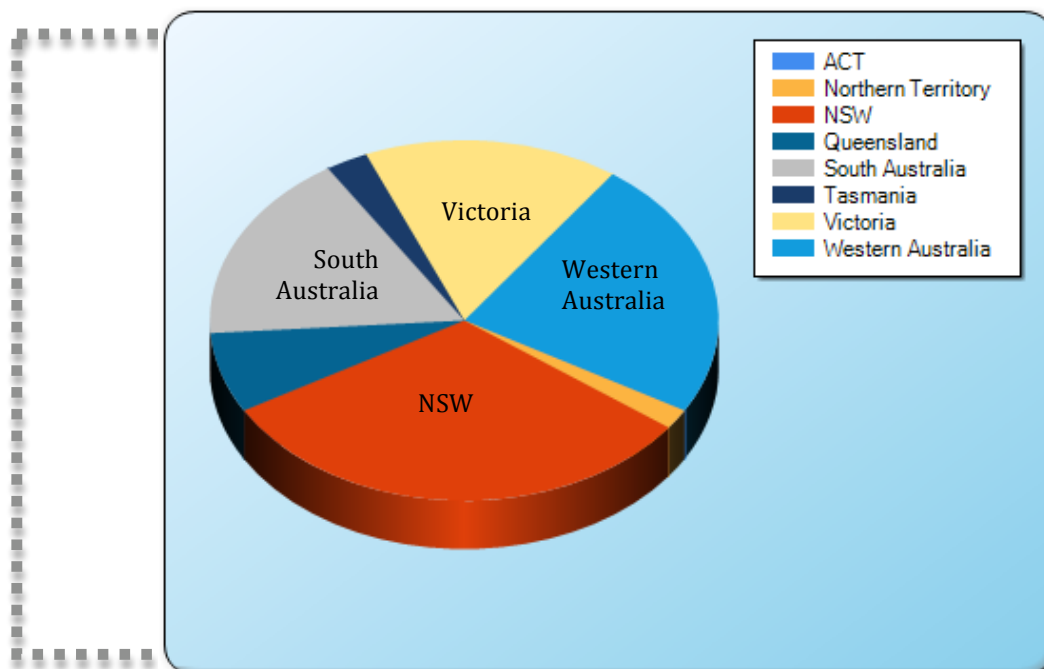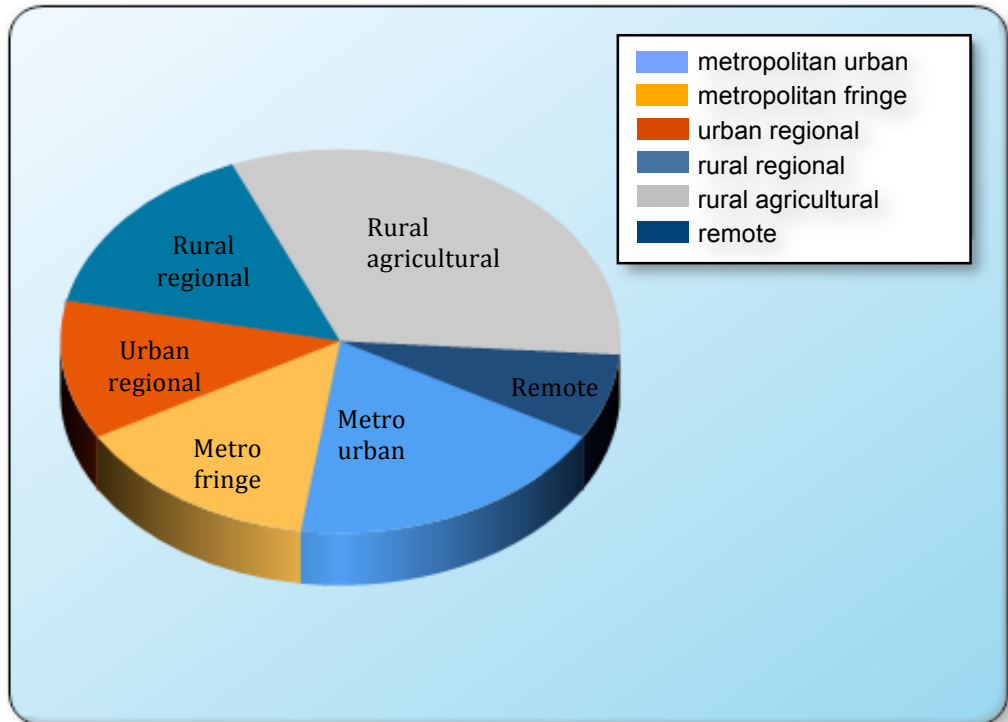
Q1 - Approaches to Continuous Improvement

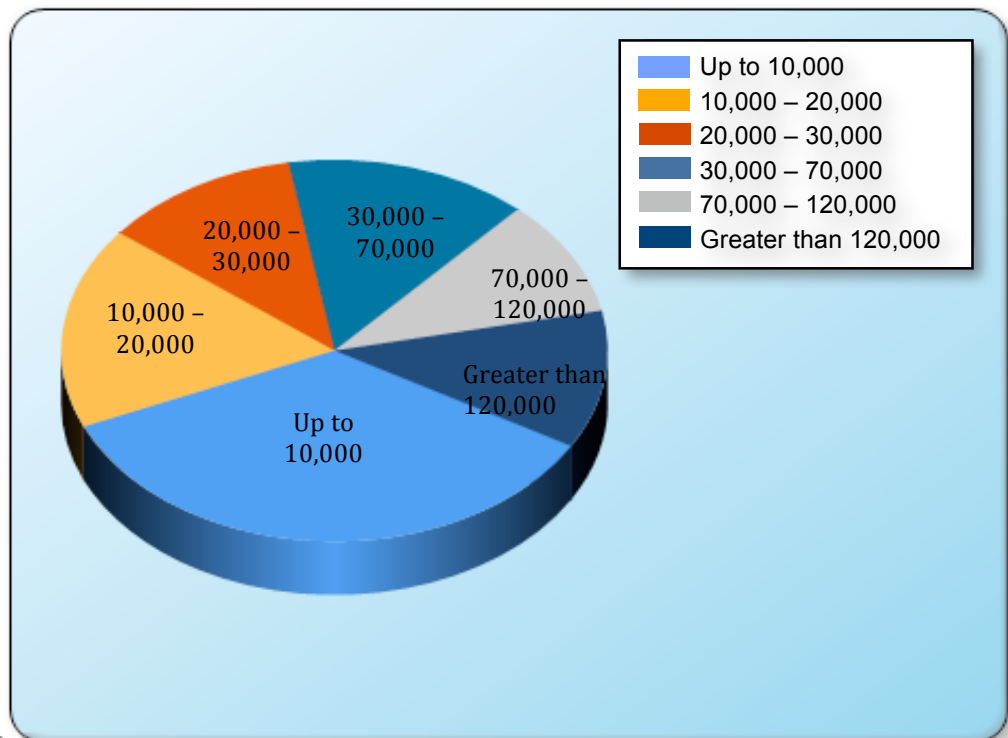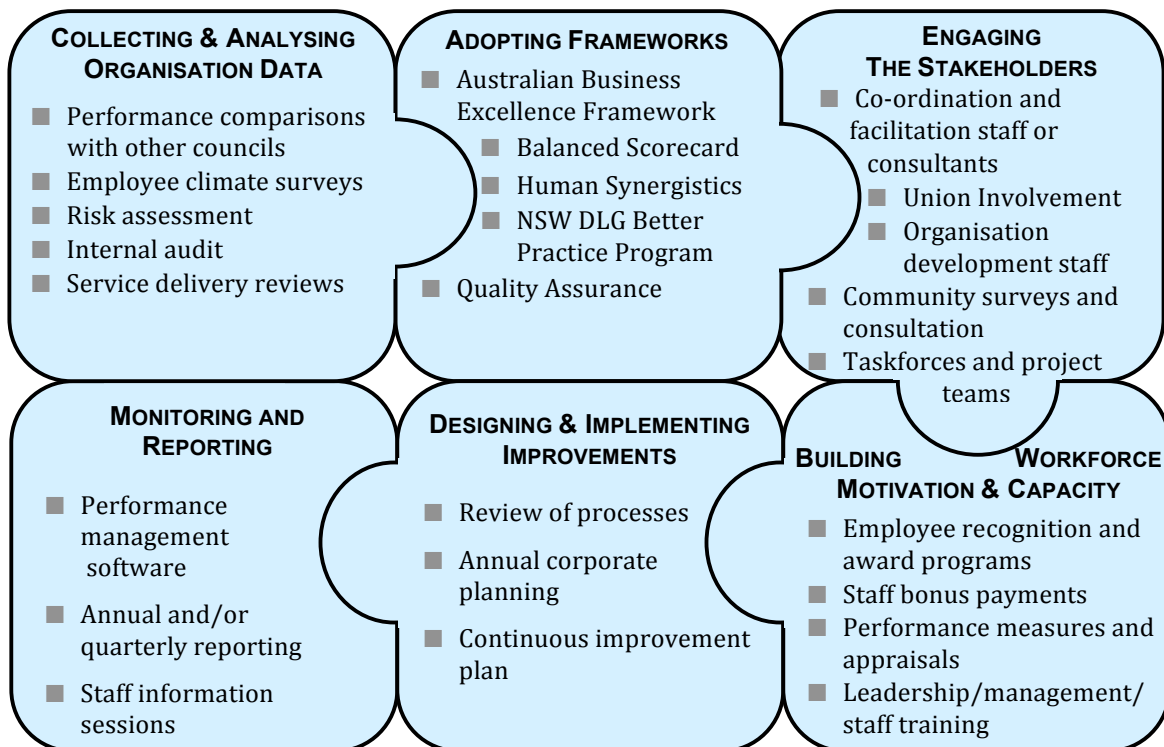> **1. Does your Council have a systematic approach to promoting excellence and continuous improvement? If yes, could you please describe your approach, and outline the staff and financial resources involved?**

This is the first question of the survey, and it asks whether the participants conduct any kind of formalized program to promote excellence or continuous improvement. These terms are fairly generic, and the responses are influenced by the respondents' understanding of the terms - for example some respondents may well conduct performance appraisals and community satisfaction surveys, but not classify them immediately as part of a continuous improvement program.

Of the 155 responses to this question, almost exactly half the respondents (78) answered "yes" and the other half answered "no".

Yes	Tasmania	Victoria	Northern Territory	NSW	Queensland	South Australia	Western Australia
%	67%	67%	50%	46%	43%	37%	27%

The following framework has been designed in an attempt to sort and group the elements which respondents described as making up their continuous improvement programs:

COLLECTING & ANALYSING ORGANISATION DATA
- Performance comparisons with other councils
- Employee climate surveys
- Risk assessment
- Internal audit
- Service delivery reviews

ADOPTING FRAMEWORKS
- Australian Business Excellence Framework
  - Balanced Scorecard
  - Human Synergistics
  - NSW DLG Better Practice Program
- Quality Assurance

ENGAGING THE STAKEHOLDERS
- Co-ordination and facilitation staff or consultants
  - Union Involvement
  - Organisation development staff
- Community surveys and consultation
- Taskforces and project teams

MONITORING AND REPORTING
- Performance management software
- Annual and/or quarterly reporting
- Staff information sessions

DESIGNING & IMPLEMENTING IMPROVEMENTS
- Review of processes
- Annual corporate planning
- Continuous improvement plan

BUILDING WORKFORCE MOTIVATION & CAPACITY
- Employee recognition and award programs
- Staff bonus payments
- Performance measures and appraisals
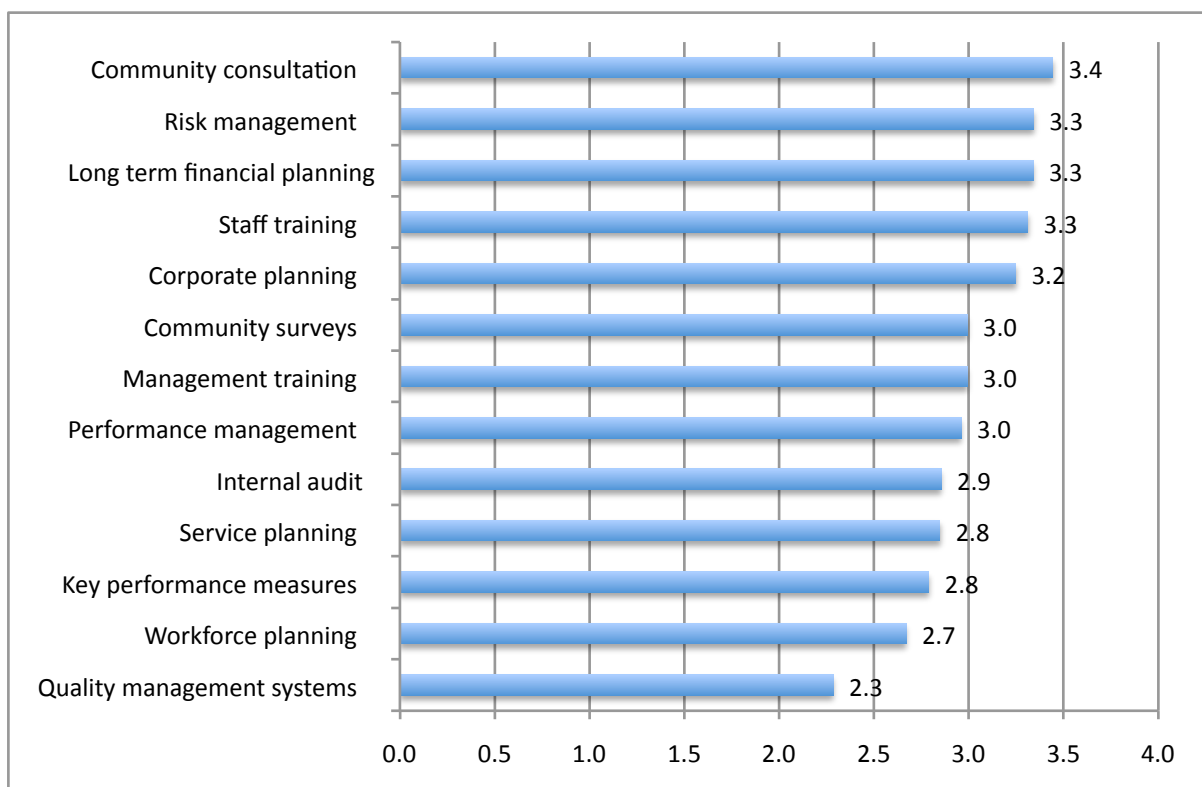- Leadership/management/ staff training

Q2 - Resourcing Core Responsibilities

2. **On a scale of 1 to 5, where 1 is *"very basic"* and 5 is *"industry best practice"*, could you please classify the approach in your Council for allocating time and resources to the following:**

This question is a measure of a mix of factors which leads to CEO perceptions of the level of time and resources which they allocate to these activities as compared with other councils in the sector. Their perceptions may be influenced by:

- The level of resources available to them as a council, as compared to other councils;

- The legislative environment which may require them to focus on particular performance management activities; and

- The efforts and performance of their staff in each area as compared with other councils

The following chart presents the average score on a scale which represents the allocation of time and resources to each of these activities:

Activity	Score
Community consultation	3.4
Risk management	3.3
Long term financial planning	3.3
Staff training	3.3
Corporate planning	3.2
Community surveys	3.0
Management training	3.0
Performance management	3.0
Internal audit	2.9
Service planning	2.8
Key performance measures	2.8
Workforce planning	2.7
Quality management systems	2.3

Activities within the councils which require a higher level of resources include community consultation, risk management, long term financial planning, staff training and corporate planning. Less resources and staff time are allocated to internal audit, service planning, key performance measures, workforce planning and quality management systems.

The following table aggregates the participants who rated each activity as either 4 or 5, and is listed as a priority within each state if 35% or more of the participants scored the activity as 4 or 5. The cell contains a tick if over one third of respondents considered that they allocated a high level of time and resources:

	Northern Territory	NSW	Queensland	South Australia	Tasmania	Victoria	Western Australia
Staff training	✓	✓	✓			✓	✓
Management training	✓					✓	
Corporate planning		✓	✓		✓	✓	
Key performance measures						✓	✓
Performance management	✓	✓				✓	✓
Community surveys	✓	✓			✓		
Community consultation	✓	✓	✓			✓	
Service planning	✓					✓	
Workforce planning							
Quality management systems							
Risk management	✓	✓	✓	✓		✓	✓
Internal audit		✓				✓	
Long term financial planning	✓	✓	✓	✓		✓	✓

Q3 - The Role of the LG Departments

> 3. **Does the Department of Local Government in your State have a program for promoting excellence and continuous improvement? And have you participated in that program?**

This question assesses the role of the Department of Local Government in each state for promoting excellence and continuous improvement, and also the level of awareness of the participants of the department's activities in this area.

Most of the results for the states except for the Northern Territory and Tasmania were variable, but the state which seems most active in this area is NSW. Other states which registered some level of activity include Queensland, South Australia, Victoria and Western Australia:

Yes	Northern Territory	NSW	Queensland	South Australia	Tasmania	Victoria	Western Australia
%	0.0%	**74.3%**	28.6%	21.1%	0.0%	27.8%	15.4%

Of the councils who either knew of or had participated in programs within their states, they described the following initiatives:
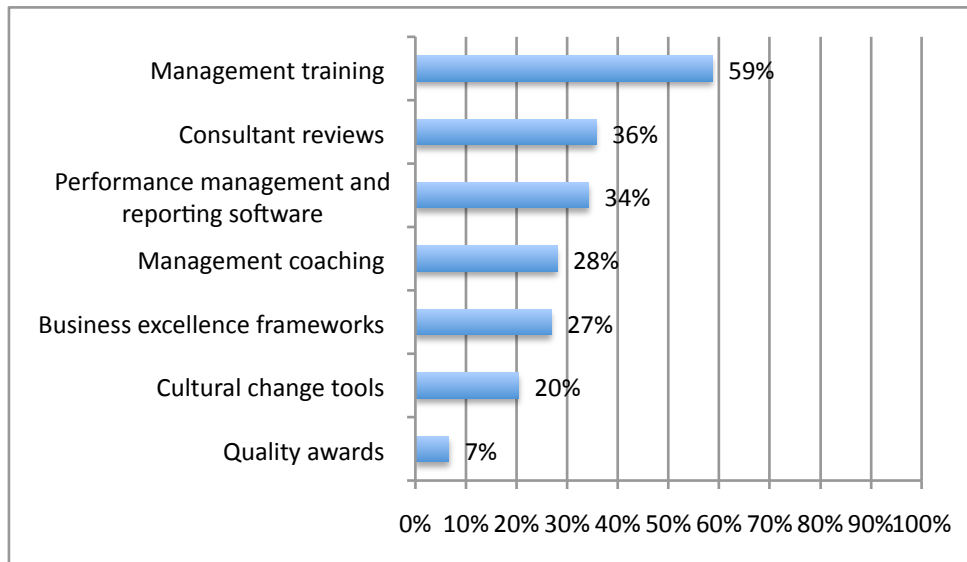
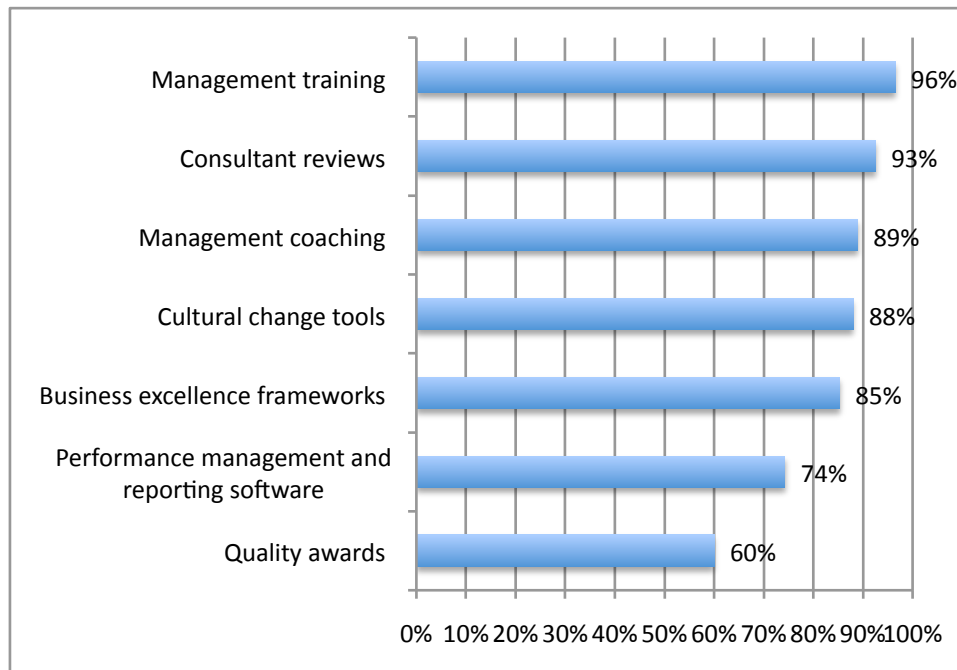|	
NEW SOUTH WALES	*"The Promoting Better Practice Program, both voluntary and imposed…" "(which) includes an assessment against best practice guidelines and a report containing recommendations"* *"The Integrated Planning and Reporting framework aims to encourage longer term thinking and continuous improvement"*
QUEENSLAND	*"legislative reform pushing the process"* *"Regular reporting & assessing the standing of each local government"*
SOUTH AUSTRALIA	*"Financial Planning, Asset Management, Good Governance"* *"Range of training seminars, access to quality practitioners, model documents across a range of needs."*
VICTORIA	*"Annual Community Satisfaction Survey; Circulars containing advice on best practice; Consultation by Grants Commission; and Performance Monitoring by Essential Services Commission."*
WESTERN AUSTRALIA	*"Capacity building"* *"Executive management program"*

Q4 - Using Commercial Tools

4. In the past five years have you purchased any of the following commercially available tools for promoting excellence and continuous improvement?

This question aims to find out the spending patterns of the participants in outsourcing various aspects of their excellence and continuous improvement programs. The question nominates seven commonly used products, and asks participants about cost, satisfaction levels and providers.

The following graph depicts the percentage of the 128 survey respondents completing the question who have purchased the tools listed over the past five years:

Tool	Percentage
Management training	59%
Consultant reviews	36%
Performance management and reporting software	34%
Management coaching	28%
Business excellence frameworks	27%
Cultural change tools	20%
Quality awards	7%

The following chart indicates the levels of satisfaction with each of the tools purchased:

Tool	Percentage
Management training	96%
Consultant reviews	93%
Management coaching	89%
Cultural change tools	88%
Business excellence frameworks	85%
Performance management and reporting software	74%
Quality awards	60%

Participants were asked how much they had spent on purchasing each of the tools, and it is perhaps relevant to note that the number of responses in each of these categories is relatively small. The variation in responses therefore reflects the diversity of the responding council types (particularly variation in size of council), as well as a possible variation in the level of commitment to each of the tools. The following table should therefore be read as a sample of expenditures on each tool, with the average cost relevant only to the sample and not able to be extrapolated across the sector:

	Number of responses:	Lowest value:	Highest value:	Average cost:
Business excellence frameworks	9	12,000	370,000	110,778
Consultant reviews	11	20,000	80,000	35,182
Cultural change tools	7	5,000	1,000,000	202,857
Quality awards	2	2,000	70,000	37,500
Management training	16	2,000	150,000	44,938
Management coaching	5	3,000	30,000	17,000
Performance management and reporting software	9	15,000	200,000	69,444

Participants were also asked to name consultants or providers who had supplied these tools or assisted in their implementation. The following lists the suppliers and consultants who were mentioned several times, as well as the number of times they were cited. Again, given the diversity of council types responding and the small size of the sample, this is not necessarily indicative of the sector as a whole:

- Australian Institute of Management – 7
- Australian Continuous Improvement Group – 3
- Archersfield Consulting – 3
- Human Synergistics – 9
- Integral Development – 3
- Interplan – 5
- Outcome/Performance Manager – 10
- Proteus – 3
- Rob Palmer – 4
- SAI Global – 17

Qs5, 6 &7 - Future Support Needs

5. Which of the following would be useful in support of your council's pursuit of excellence and continuous improvement?

ACELG has conducted other sector consultations relating to this topic, and this question tested the sector support for some of the ideas which have been generated elsewhere. In particular, the Local Government Business Excellence Network have contributed some of the thoughts and ideas which shaped the list of future support needs. In the survey there were 123 respondents who completed this question, and each was invited to choose multiple responses:

RESPONSE	FREQUENCY	COUNT
Example tools and templates	72%	88
Case studies	68%	84
Executive training and coaching	58%	71
On-line community of practice	48%	59
Guide for involving councillors	46%	56
Profile of commercially available products	38%	47
Peer reviews	34%	42
Local government awards	24%	29

None of these ideas received either unanimous support or resounding rejection – support levels ranged from 24%-72%, with the most popular being the example tools and templates, case studies and executive training and coaching.

6. What else might be useful to you in support of your council's pursuit of excellence and continuous improvement?

This question was an open-ended question, and allowed respondents to add to the previous list with their own ideas for the provision of additional support, and 28 respondents answered this question.

Several took the opportunity to protest against the lack of resources for undertaking this kind of work, and a perception that it was "extra" additional effort which detracted from their core business:

> *More money! Have previous experience in CIP programs but difficult to justify resources applied to same when we don't have enough money/staff for the needed replacement of basic infrastructure.*
>
> *None of the above. We need help with the basics, not the extras.*

Some participants made comments which referred to modifications they would like to make to the Australian Business Excellence Framework:

> *A shared framework for continuous improvement, that doesn't cost a fortune in having to engage consultants to introduce their proprietary products.*
>
> *A system which recognises the VAST differences between a large metropolitan council and a smaller rural council*

Other new ideas unrelated to existing products or resources included the following:

> *Workshops with companies that have achieved excellence and practical tips and tricks*
>
> *Qualitative and quantitative research in the local government sphere*
>
> *Networking and information sharing opportunities*
>
> *Manager exchanges with other Councils (Australia & overseas)*
>
> *Benchmarking and networking opportunities with national and international leaders*

7. What would you most like to see in terms of additional support in this area?

This question was another open-ended question, and 54 respondents chose to articulate their highest priority for additional support. The following represents themes which arose amongst several respondents:

Funding
Resources to undertake the work of continuous improvement was the most commonly mentioned request. Some requested funding from the Department of Local Government, other ideas included a shared human resource between councils or subsidies for staff to undertake training.

Examples and case studies
Another frequently mentioned request was the need for readily accessible examples and case studies:

> *Mainly tools and templates that small councils can use given their limited resources when compared to larger councils*

Intergovernmental co-operation
The issue of partnerships with other levels of government was also raised as important:

> *Positive Support from State Govt agencies in a true and genuine partnership to deliver services to our communities.*

Integration
Related to the previous issue, several respondents raised the need for the integration and reform of legislative arrangements to shape and unify local government efforts in this area.

> *The means to incorporate/integrate the continuous improvement cycle within existing frameworks and expenditures.*
>
> *Some very strong directions by state departments of local government that almost mandate this as a core governance program as is their corporate planning (eg. integrated planning reforms). For many in local government legislative reform will be the only method to instigate change in this area. There is a real need to raise the bar not so to be compared with the private sector but to position LG as an area of government that should be excellent in its own right ...*