

# Organisational review Summary report

Townsville City Council

27 Sep 2016



nous group

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# This report details findings and recommendations of the TCC organisational review.

## ***Nous Group were engaged to undertake an organisational review of Townsville City Council.***

Townsville City Council (TCC) has engaged Nous Group (Nous) to undertake a review of the organisation's operating model, structure and capability requirements, focusing on management levels.

The review includes three major components:

1. High-level review of operating model,
2. Development of organisational structure, and
3. Implementation and change management advice.

## ***Assessment of TCC's operating model has informed the review of the management structure.***

As the first stage of the project, Nous undertook a review of TCC's operating model, exploring dimensions of strategy and vision, value delivery, financial model and organisational enablers. Findings and recommendations from the operating model review are presented in Section 3 of the main report. Key projects have also been identified that will support TCC to deliver on its service obligations and the policy commitments of the elected council.

## ***Quantitative and Qualitative data were used to inform review findings and recommendations.***

Findings and recommendations presented in this report are based on:

- Desktop review and data analysis of information provided by TCC,
- Interviews with all current Directors and Executive Managers, and a sample of Managers and front-line staff of the TCC, and
- Assessment of TCC against organisational benchmarks and best practice organisational design, including those pertaining to other Queensland Councils.

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# Executive Summary

***TCC is the product of Queensland's Council amalgamations that occurred eight years ago.***

In 2008, the City of Townsville and the City of Thuringowa administrations were amalgamated into a consolidated Townsville City Council (TCC). Significant consolidation activities were not undertaken at this time. This has resulted in a swelling of the management ranks and a protracted period of integration.

***In the intervening period, TCC has struggled with debt and in its inability to deliver on the policy commitments of the elected council.***

While TCC has delivered services in compliance with the Local Government Act 2009, it has been less successful in delivering on the policy commitments of the elected council. TCC also has significant debt. The following factors require the newly elected council to pursue budget repair and organisational review:

- A failure to undertake post-amalgamation consolidation of management roles,
- Lack of engagement from the organisation (including senior leaders) with the policy commitments of Council,
- A siloed approach to the delivery of services from a management, priorities and resourcing point of view,
- Too little focus on the changing needs and preferences of its residents,
- An organisational culture that is risk averse and highly process driven, and
- Supporting architecture (including system capability and technology) that does not empower proper engagement with the community.

# Executive Summary (continued)

***TCC can improve services for residents and relieve financial pressure through targeted improvement projects.***

The operating model review has identified significant opportunities for TCC to adopt more aligned and effective methods of operation and achieve greater efficiency in the delivery of services. Nous has recommended improvement projects to achieve these objectives as a priority.

***The current size, structure and culture of management is a barrier to effective service delivery and financial sustainability.***

The operating model review identifies that specific attention needs to be given to TCC's management structure to support the success of the recommended improvement initiatives. TCC's management structure is too complex, siloed and has too many layers, reflecting a failure to execute on post-amalgamation consolidation. This has impacted the agility and responsiveness of the organisation to economic changes and evolving community needs. It has led to duplication, a low risk tolerance and increased red tape. It stifles council's ability to pursue a common purpose and presents an unsustainable labour cost to the organisation.

***One of the key report recommendations is a consolidated organisational structure that will reduce unsustainable labour costs and encourage a more focused leadership team.***

The recommended organisation structure:

- Consolidates the number of divisions in the structure from five to three.
- Flattens the management structure by consolidating the Executive Manager and Manager roles into a General Manager role. This will remove overlapping levels of accountability and reduce the number of managers in the organisation.
- Transitions Corporate Services functions to a business partner model to ensure that more structured support and expertise is directly embedded in the key business areas.

# Improvement projects are aligned to three key areas for council service delivery

Responsive and efficient

Ensure TCC is a responsive and efficient organisation

- Implement structural change
- Leadership development
- Culture change
- Performance focused culture
- Improved governance and role clarity
- Financial/budget management
- Business assurance and fraud prevention
- Risk management
- Progress and performance reporting
- Activity management and benefits realisation
- Efficient back-of-office services

Community focused

TCC is focused on the needs and aspirations of the Townsville community

- Clarity and purpose
- Communicate vision and purpose
- Assessment of service provision
- Council analytics
- Customer strategy
- Customer analytics
- Mobility and customer facing systems

Economic growth

Facilitating economic growth in the city and region

- Local partnerships
- Procurement management
- Inventory and credit cards
- Labour hire/ consultancy and overtime
- Fleet management
- Asset utilisation

# The review also identified 12 general recommendations

## Overview of recommendations

Focus	Recommendation
Recommendation A – <b>Recruitment</b>	<ul style="list-style-type: none"> <li>• Ensure recruitment at management levels is focussed on leadership and strategic skills as well as technical skills</li> </ul>
Recommendation B – <b>Talent management</b>	<ul style="list-style-type: none"> <li>• Upgrade talent management strategy and workforce planning to ensure internal skills are used optimally</li> </ul>
Recommendation C – <b>Workforce size</b>	<ul style="list-style-type: none"> <li>• Ensure TCC staffing levels over time are in line with comparable local government benchmarks</li> </ul>
Recommendation D – <b>Workforce profile</b>	<ul style="list-style-type: none"> <li>• Monitor and actively manage workforce age profile</li> </ul>
Recommendation E – <b>Performance framework</b>	<ul style="list-style-type: none"> <li>• The performance framework for the leadership team needs to embody, drive and reward a positive and innovative culture throughout the organisation</li> </ul>
Recommendation F – <b>Strategic partnerships</b>	<ul style="list-style-type: none"> <li>• TCC should take a leadership role in Townsville’s development through strategic alliances with appropriate institutions</li> </ul>
Recommendation G – <b>Partnership ROI</b>	<ul style="list-style-type: none"> <li>• Confirm service level agreements with partners that receive TCC funding and track return on investment (ROI) to assess and ensure benefits realisation</li> </ul>
Recommendation H – <b>Mayor/ Councillor support</b>	<ul style="list-style-type: none"> <li>• Appropriate support for the Mayor and Councillors should be formalised</li> </ul>
Recommendation I – <b>Decisions and delegations</b>	<ul style="list-style-type: none"> <li>• Determine clear decision making arrangements between levels of management and establish delegation protocols for each management level</li> </ul>
Recommendation J – <b>Resident interaction</b>	<ul style="list-style-type: none"> <li>• Align external facing processes to ensure a whole-of-customer view and single point of contact for resident enquiries</li> </ul>
Recommendation K – <b>End-to-end processes</b>	<ul style="list-style-type: none"> <li>• Track end-to-end value chain across divisions for key business processes</li> </ul>
Recommendation L – <b>IT Infrastructure</b>	<ul style="list-style-type: none"> <li>• Implement findings of recent review of IT Infrastructure system to address gaps in needs of internal stakeholders with current IT infrastructure system</li> </ul>



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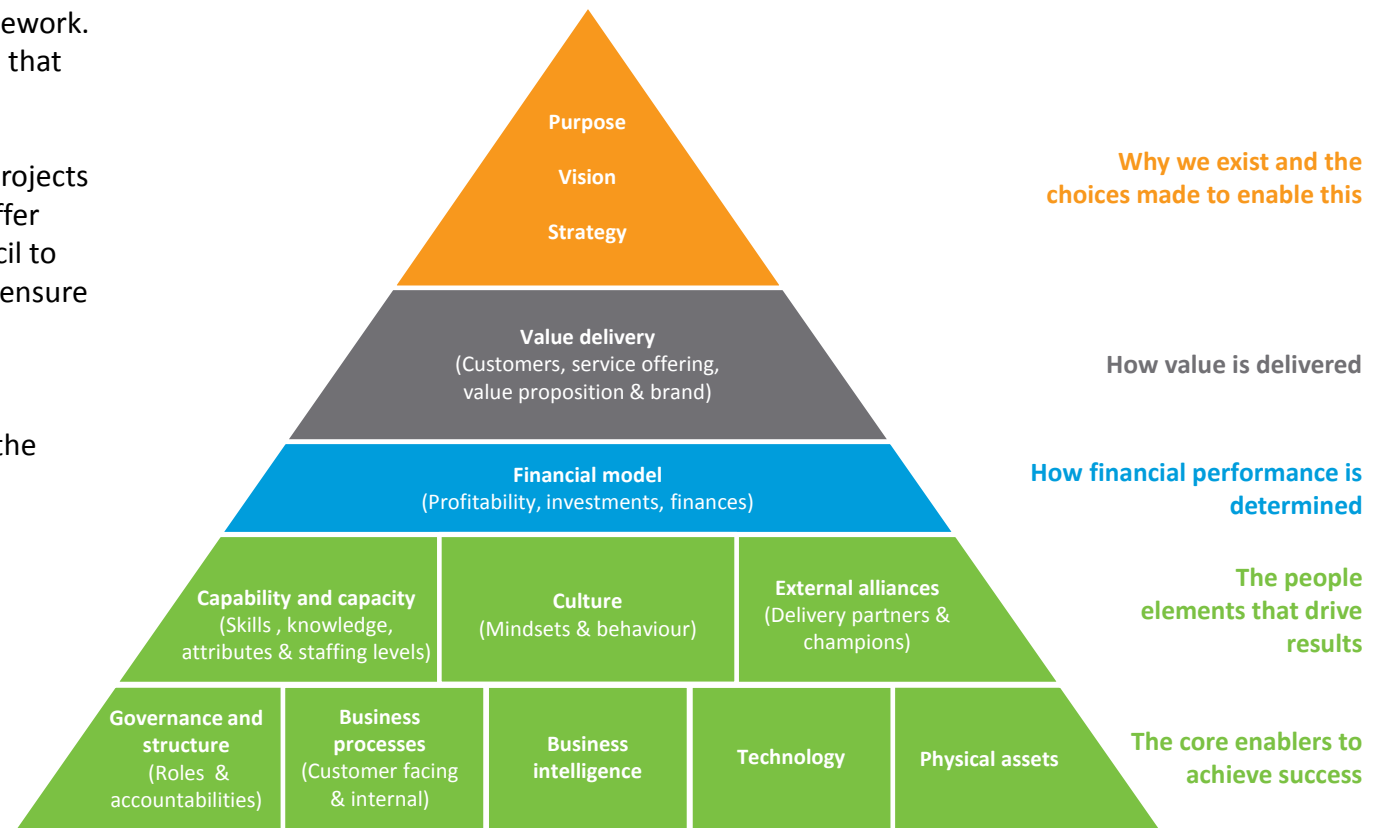
# The findings of the organisational review are framed using Nous' organisational architecture framework.

## Overview of Nous' organisational architecture framework

This section of the report outlines key findings on the elements of the framework. An overview is provided in the pages that directly follow.

The section also outlines proposed projects to address issues identified. These offer opportunities to better enable Council to achieve their strategic priorities and ensure the wellbeing of the community.

This further work will be agreed and programmed to be delivered within the Council's priorities.



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# The review identified significant challenges in how TCC mobilises to deliver its strategic priorities

**Purpose & Strategy**

**Compliance with Local Government Act 2009:** Generally strong compliance with the Act However, varying opinions exist as to whether Council’s role should exceed this minimum.

**Vision and strategy:** Misalignment of the organisation’s strategy with Council’s vision, policy and priorities. The organisational strategy and its implementation is driven by a low risk tolerance.

**Value delivery (service delivery)**

**Service quality:** TCC community satisfaction surveys indicate overall satisfaction with services (at 70.9% rated over 4/5) with this result generally consistent across services.

**Level of service:** Service levels not regularly assessed in line with changing needs. Some instances of over delivery of services that could be delivered by partners in the community.

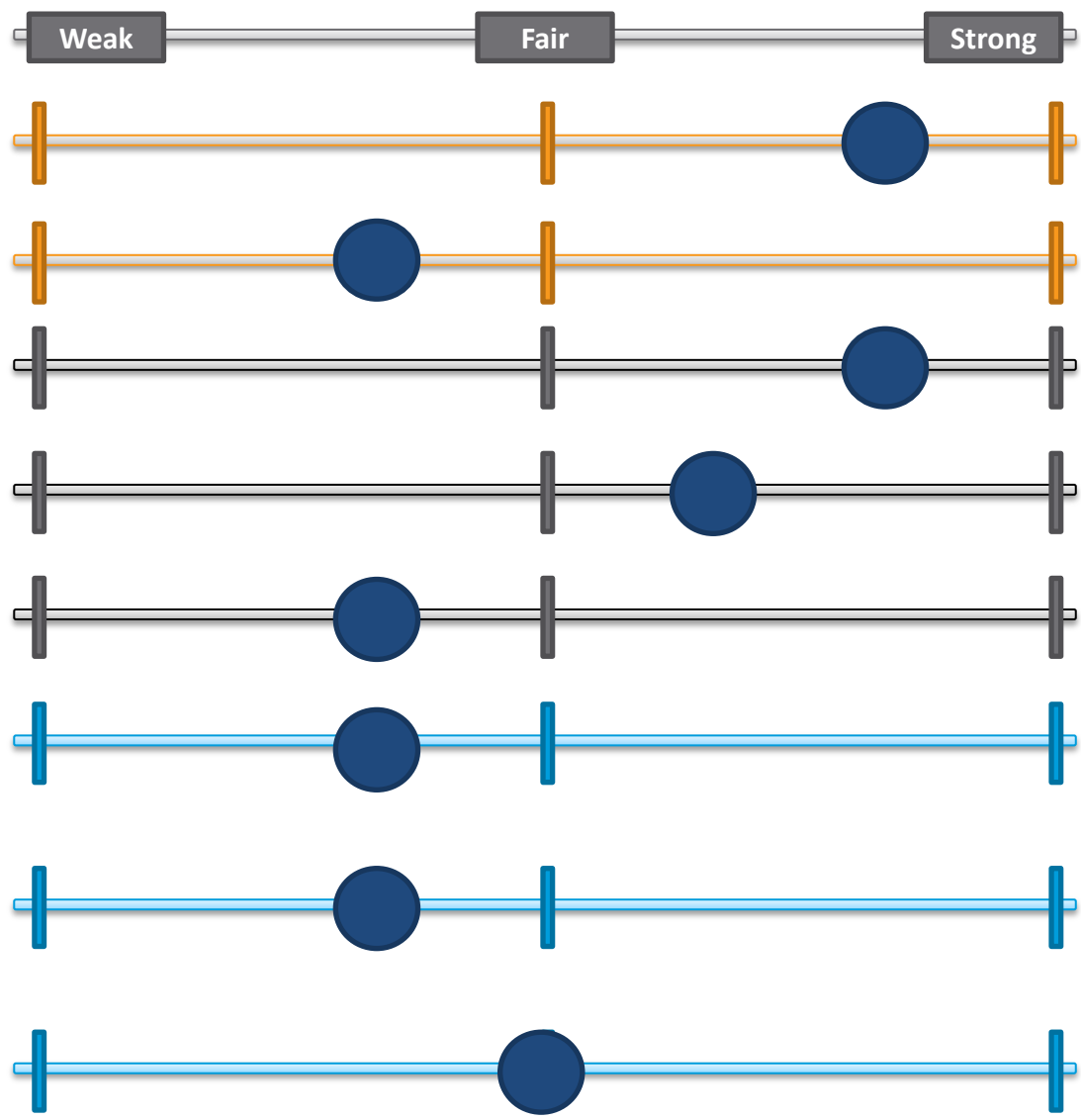
**Customer:** Lack of a whole-of-council view of residents with multiple owners and touchpoints. Significant opportunities to adopt a more customer focused mindset and service delivery model.

**Financial model**

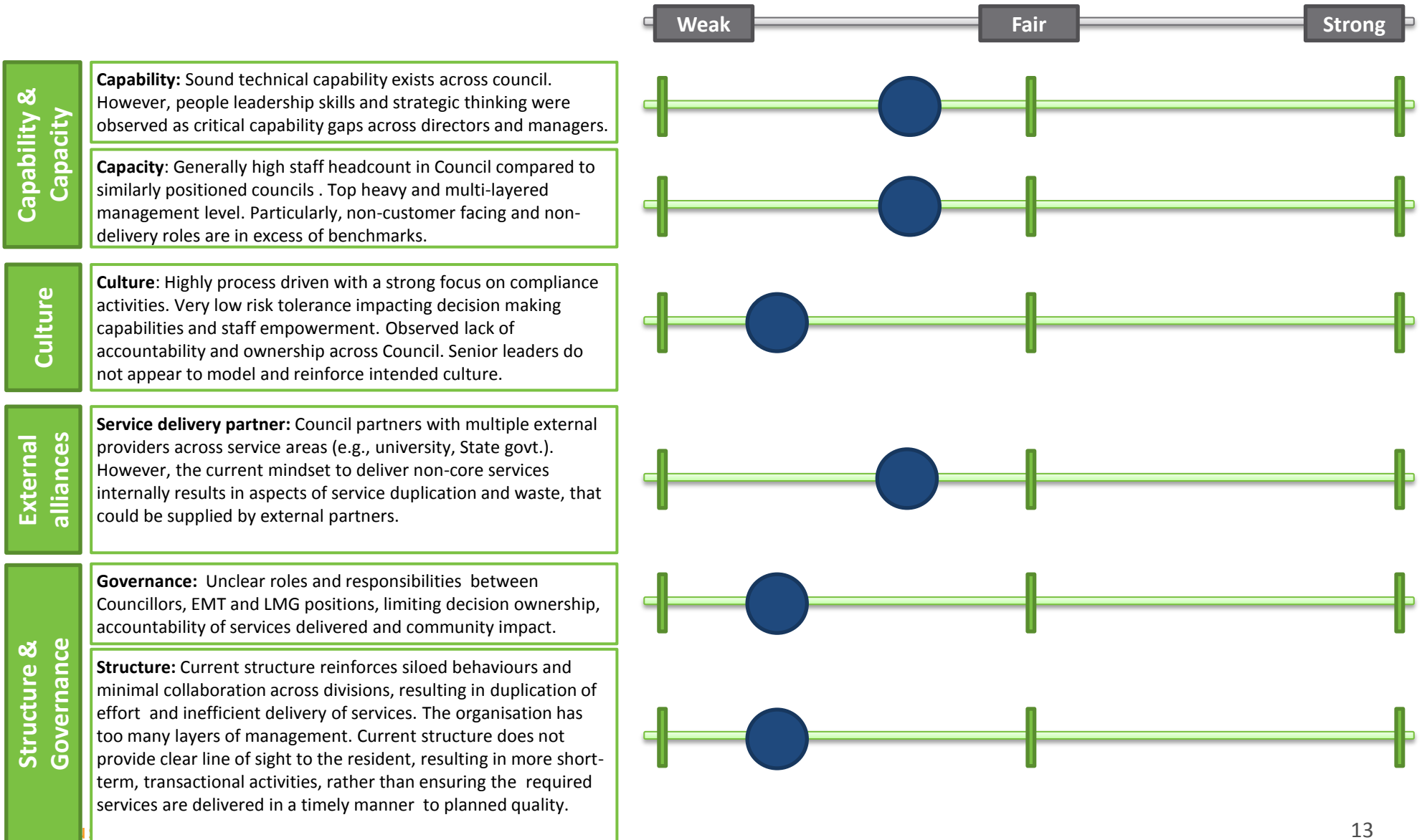
**Financial positioning:** Currently there are strong efforts to reduce debt, debt per capita and net financial liabilities ratio, which are high.

**Budget management:** Budget practices assume automatic budget increases based on a growth factor, as opposed to zero-based budgeting based on policy commitments, needs and priorities. A practice of contestable assessment of complex activities, acquisitions and projects does not occur.

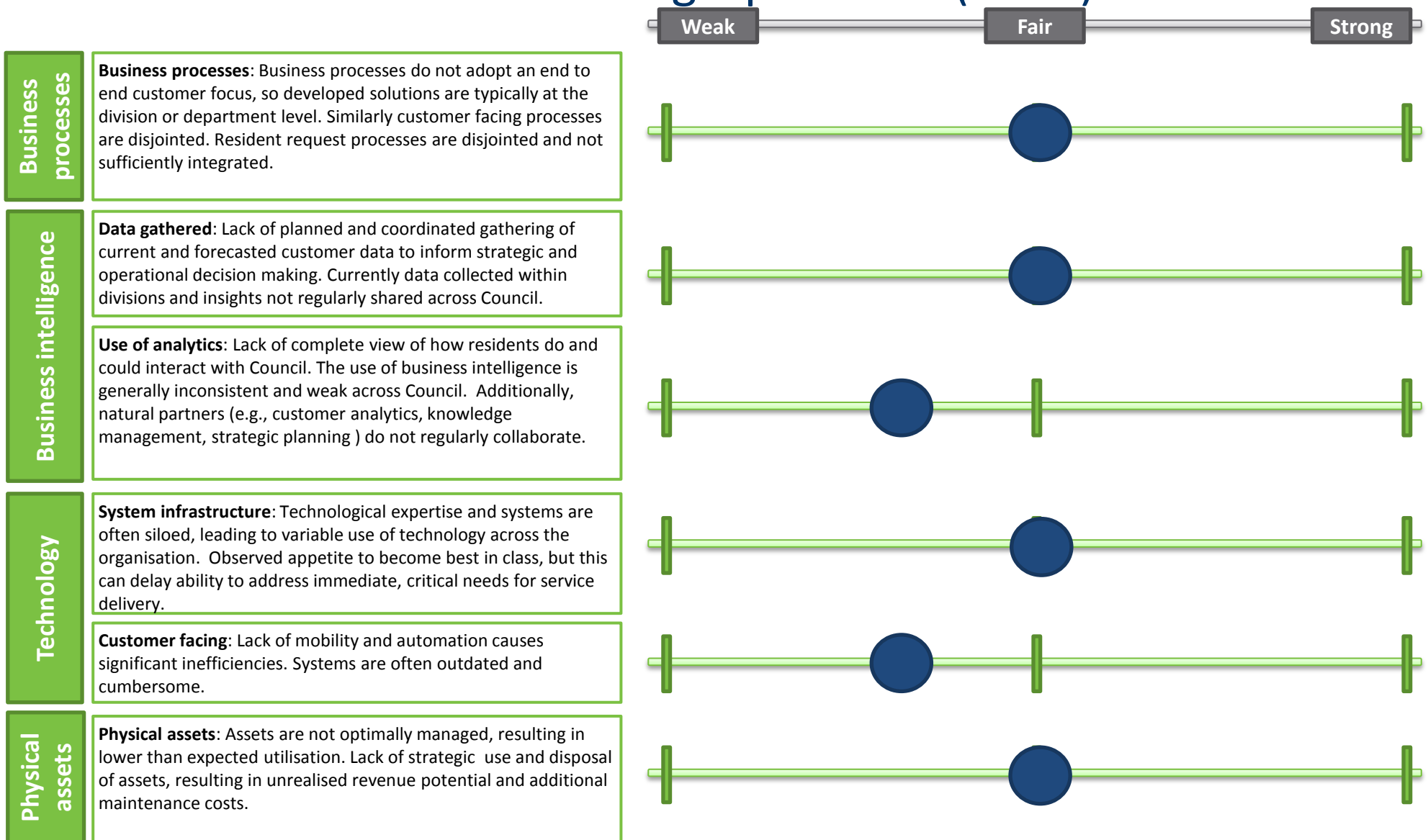
**Revenue sources:** Some services are highly subsidised. Additionally, some facilities are provided at no cost or well below market cost, resulting in lost revenue.



# The review identified significant challenges in how TCC mobilises to deliver its strategic priorities (cont.)



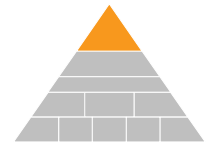
# The review identified significant challenges in how TCC mobilises to deliver its strategic priorities (cont.)



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# The organisation's strategy and priorities are not aligned to the elected officials policy commitments



## 1. Purpose and strategy



### **Recommended projects:**

#### **Project 1 – Clarity and alignment**

- Establish a clear vision and priorities for Townsville and TCC with the Mayor, elected body, CEO and Directors
- Align the current Corporate Plan with the agreed vision and priorities

#### **Project 2 – Communicate vision and priorities**

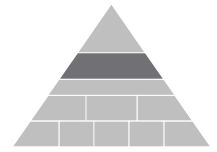
- Support the elected Mayor and Councilor's in communicating their vision and priorities
- Improve internal and external mechanisms to engage with Council outcomes and priorities

### **Summary findings:**

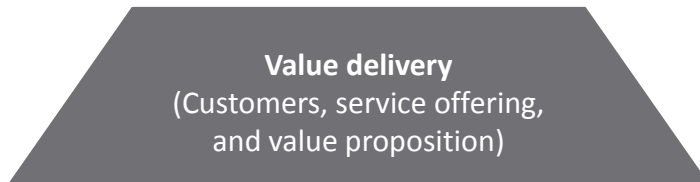
- There is generally a strong understanding of the core purpose of Townsville City Council, and fundamental services are being effectively delivered.
- Minimal amounts of work have been done within Council to align the strategy of the organisation with the new strategic priorities of the elected Mayor and Councillors .
- This has resulted in:
  1. Divisions/Departments across Council not following through with actions and priorities.
  2. Divisions/Departments across Council looking to different documents (“sources of truth”) to inform priorities (e.g. Community Plan, Corporate Plan, City Plan/vision, Mayors policy commitments, etc.)
- Corporate documentation does not clearly reflect changes to the vision, strategic priorities and budget of the organisation.
- Discussion on resourcing and prioritisation of policy commitments has not occurred extensively at this stage.
- There is little appetite to manage risk – which leads to reactive and risk-averse behaviours.
- Forward planning is limited across the organisation which means strategy is often reactive.



# Service delivery is not rooted in agreed service levels nor does it reflect whole-of-customer perspective



## 2. Value delivery (service delivery)



### **Recommended projects:**

#### **Project 3 – Assessment of service provision**

- Assess service delivery functions under each division in the new structure against a framework of ‘must do’, ‘stop doing’ and ‘start doing’

#### **Project 4 – Customer strategy**

- Develop and implement a customer strategy to improve customer service quality and responsiveness to all people who use TCC's services and facilities
- Independently assess the resident and customer experience across the major customer contact points within the Council to identify needs and preferences and current levels of customer satisfaction
- Develop and establish a set of service standards that can be applied across the Council

### **Summary findings:**

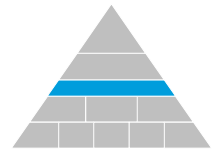
#### **Interaction with residents is siloed and residents experience multiple touch points**

- Resident satisfaction and feedback does inform siloed activities and priorities of Council, however significant opportunities exist to adopt a whole-of-Council resident focused service delivery model.
- A whole-of-Council viewpoint of the resident does not exist and therefore not a whole-of-Council service delivery experience for the resident. Residents experience multiple touchpoints with the organisation in order to navigate the TCC service delivery system.
- Responsibilities are not clear between some areas – this results in ‘multiple handling’ between areas in order to try and achieve outcomes for residents.
- The service delivery culture is ‘siloed’ and reactive, not proactive in its approach (e.g. water, sewerage, roads, events as standalone services).
- Technical (incl. engineering) services are siloed in approach and activities are not informed by a whole-of-Council approach. These services work to a technical brief of what is traditionally required of the area.
- Community events and services generally received positive feedback and appears to fill a gap in the community/private market, however is consumed by only a small part of the community.

#### **Levels of service are not regularly assessed**

- Level of service is not regularly assessed based on community/budget context (e.g. levels of maintenance), leading to potential over-servicing or high levels of subsidisation for some ratepayers.
- Some of TCCs current and planned services may not be a core local government responsibility (e.g. security and crime prevention).
- Some services currently provided by TCC may be more efficiently provided by the community or private sector (e.g. cemeteries).
- Risk tolerance within organisation is low which informs service planning, structuring and delivery across the organisation.

# TCC's financial model and a number of its core practices require adjustment to achieve budget repair



## 3. Financial model

**Financial model**  
(Profitability, investments and finances)

### **Recommended projects:**

#### **Project 5 – Financial/ budget management**

- Reset the budgeting process throughout the organisation
- Directors should assess all functions within their Division and rebuild the budget from the ground up, implementing zero-based budgeting

#### **Project 6 – Procurement management**

- Align procurement practice across the organisation
- Ensure expenditure represents value for money and that public funds are being administered efficiently with the required level of probity

#### **Project 7 – Inventory and credit card management**

- Align credit card policy governing usage and practice with procurement and inventory management practice

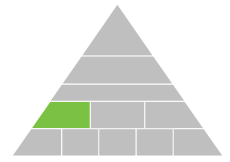
#### **Project 8 – Labour hire/ consultancy and overtime**

- Examine current labour hire and overtime usage and budgeting practices
- Ensure expenditure represents value for money, that the balance between permanent staff and casual labour is appropriate and that overtime is only used when it is essential to do so

### **Summary findings:**

- Financial model appears highly reactive (e.g. use, discard and re-use) as opposed to a planned maintenance, sustainability model (some divisions/departments are however moving in this direction).
- Financial position is affected by high debt levels and unsustainable labour costs.
- Budget practice of TCC currently assumes previous based budget, plus growth factor, as opposed to zero-based budgeting. There is a lack of consistent benefits realisation planning and measurement.
- Utilisation of primary financial drivers varies across the organisation:
  - **People costs** – difficult to assess utilisation of staff, however labour decisions are highly reactive (e.g. significant use of overtime and labour hire)
  - **Fixed assets** – indication that utilisation of real properties and fixed assets could be better used and/or disposed of to improve TCC's financial position.
  - **Operational/delivery assets** – utilisation levels appear to be low for some operational assets. Availability appears high. Better utilisation would deliver better financial outcomes.
- Opportunities may exist for costs recovery of events, facilities, land and other provision of services.
- Further opportunities exist to establish new revenue streams.
- Revenue for facilities are not fully realised due to poor utilisation.
- Procurement of goods and services is decentralised and occurs within the unit level. Savings could be accrued through centralisation of procurement function.
- Council has a high number of credit cards issued to staff (approx. 450) which are utilised in some instance to acquire items that are available in inventory.

# TCC has high staffing levels relative to other Councils, and is challenged by leadership and an aging workforce



## 4. Capability and capacity

Capability and capacity  
(Skills, knowledge,  
attributes and staffing  
levels)

### **Recommended Projects:**

#### **Project 9 – Leadership development**

- Support the establishment of a new organisational structure and culture through the implementation of a leadership development program
- Develop a leadership framework to ensure that all leaders in TCC consistently model the required values and behaviours

#### **Project 10 – Efficient Back-of-Office services**

- Assess all Corporate Services functions against benchmarks and develop a plan to reduce the level of expenditure to benchmark levels

### **General Recommendations:**

#### **Recommendation A**

- Ensure recruitment at management levels is focused on leadership and strategic skills as well as technical skills

#### **Recommendation B**

- Align staff resources in line with Council priority to deliver frontline community services

#### **Recommendation C**

- Reduce Townsville City Council staffing levels over time to be in line with comparable local government benchmarks

#### **Recommendation D**

- Monitor and actively manage workforce age profile

### **Summary findings:**

#### **Leadership is strong technically, but lacks strategic management skill\***

- **Technical leadership skills** – appropriate for current state, however additional resources and skillsets might be required to deliver on future priorities.
- **People leadership and management skills** – people leadership and management are generally poor across the organisation.
- **Strategic thinking skills** – strategic and visionary thinking is not apparent in most areas of the Council.
- The capability of the EMT to work effectively as a team and take collective responsibility for executing on the vision and strategy is poor and focus is on operational matters.
- New leaders are not provided adequate support and leadership training.

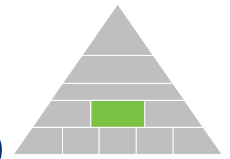
#### **TCC staffing levels are high**

- Benchmarking analysis indicates that staff levels for whole-of-Council are high. (see Appendix B.1).
- FTE for Corporate Services functions is high, particularly in Knowledge Management, Human Resources and Finance functions. (Appendix B.2).
- Overtime and use of labour hire is high (see Appendix B.3). Overtime is sometimes used in order to preserve employee compensation levels.
- Consideration has been given for savings and efficiencies during the Service Delivery Review (SDR) process. Some Managers have shared plans that indicate opportunities for reduced headcount and cost.
- Staff contract arrangements can make shuffling resources to respond to demand difficult.

#### **Workforce age profile poses risks**

- TCC workforce age profile is skewed to the higher end (see Appendix B.4)
- Field staff age profile is particularly skewed to the higher end, and should be actively managed

# TCC's culture is defensive, process-driven and siloed, which is not conducive to accountability and ownership



## 5. Culture



### **Recommended Projects:**

#### **Project 11 – Performance focused culture**

- Determine and instil the drivers of a performance focused culture within the Leadership team who will in turn model these behaviours, practices to their teams and be held accountable for such

#### **Project 12 – Culture Change**

- Develop a more constructive culture that is focused on outcomes, encourages innovation, is less risk averse and fosters higher levels of teamwork, transparency and openness within the organisation

#### **Project 13 – Risk management**

- Develop a risk management framework for the Council that clearly identifies how major or strategic risk should be identified, defined and mitigated

### **General recommendations:**

#### **Recommendation E**

- The performance framework for the leadership team needs to embody, drive and reward a positive and innovative culture throughout the organisation

### **Summary findings:**

#### **Culture is defensive and lacking change implementation**

- Culture surveys undertaken in 2013 indicated a passive/defensive and aggressive/defensive culture. Results did differ by area of the organisation.
- Culture survey results were not acknowledged by some members of EMT and senior management. Process for culture improvement was initiated but not followed through in some instances .
- There is a culture of avoidance of issues, particularly those which do not have direct impact on technical services.

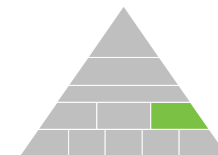
#### **Processes and operations are siloed and narrowly focused**

- The culture of the organisation is highly compliance driven with a focus on “box-ticking” administrative activities.
- There is a very low risk tolerance throughout the organisation which is reflected in service provision and activities.
- ‘Siloed’ approach to service delivery and operations does not reflect a collaborative culture working toward a shared vision for Council.

#### **Accountability for performance and ownership of outcomes are lacking**

- There is a lack of accountability and ownership across the organisation, which leads to a culture of dependency across many areas of the organisation.
- Staff in management positions lack adequate accountability for the performance of the team below them.
- The culture of the organisation does not empower staff – including management and those with technical or professional expertise.
- Misalignment of what the senior leadership “say and do”. Actions have not supported and re-enforced the intended culture.

# TCC does not have clarity on the current or potential value able to be delivered through external parties



## 6. External alliances

External alliances  
(Delivery partners and  
champions)

### **Recommended Projects:**

#### **Project 14 – Local partnerships**

- Assess the current benefits being generated by local partnerships funded by the Council and negotiate alignment of partner activities with Council priorities

### **General recommendations:**

#### **Recommendation F**

- TCC should take a leadership role in Townsville's development through strategic alliances with appropriate institutions

#### **Recommendation G**

- Confirm service level agreements with partners that receive TCC funding and track return on investment (ROI) to assess benefits realisation

### **Summary findings:**

#### **TCC default position is to deliver services internally**

- TCC are currently undertaking multiple activities that duplicate services that are offered externally, or that could be offered externally (e.g. cemeteries, events, museums, galleries, waste services, etc.)
- There is currently a mindset that all services should be delivered by Council.
- Some areas of Council (e.g. Strategic Planning, ISS) are proactive in engaging external partners to deliver values (e.g. solar cities program, Ergon).

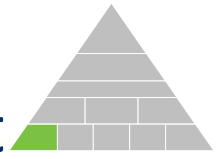
#### **Return on investment for existing partnerships is not adequately measured and reported**

- TCC currently provides grants to local community organisations. They also provide facilities to these groups at no rent. The benefits of these arrangements are not reported on.
- TCC currently contributes \$845,000 per annum (incl. \$105,000 in-kind for leasing arrangements) to Townsville Enterprise Limited (TEL). Benefits realisation of this partnership is not systematically reported on.

#### **Strategic objectives and resources are not fully aligned with external stakeholders (e.g. Defence, universities)**

- Partnership with Defence, universities and so on currently exists only at an operational level and not at a strategic level. Hence, there is limited ability to understand or respond to sector specific strategic priorities.
- Opportunities for an additional university campus to be established in Townsville are currently being explored as part of TCC's CBD activation strategy, which may influence future relationships with existing universities.

# Current structure and governance arrangements will challenge TCC's bid to improve organisational alignment



## 7. Governance and structure

Governance and structure  
(Roles and accountabilities)

### **Recommended projects:**

#### **Project 15 – Improved governance and role clarity**

- Develop efficient, effective and productive working relationships between governance (Mayor and Councillors) and operations (Council administration)
- Clarify roles, align responsibilities and develop and implement a set of agreed principles, protocols and processes for improving the relationship between the Council and the Council administration

#### **Project 16 – Structural change**

- Restructure the organisation to create a more effective and responsive management and organisational structure that is “fit for purpose” and able to deliver Council priorities and strategies more effectively and efficiently

### **General recommendations:**

#### **Recommendation H**

- Appropriate support for the Mayor and Councillors should be formalised.

#### **Recommendation I**

- Determine clear decision making arrangements between levels of management and establish delegation protocols for each management level

### **Summary findings:**

#### **Governance arrangements require clarification**

- The boundaries between the roles and responsibilities of the Council (Mayor and Councillors) and the Executive are not clear. This results in confusion on ultimate accountability for performance.
- Lines of communication from Councillors to TCC staff and vice-versa are unclear and inconsistent. Councillor intervention in operational activities can cause disruption to business as usual activities and confusion amongst staff.
- Support services for the Mayor and Councillors are not clearly defined

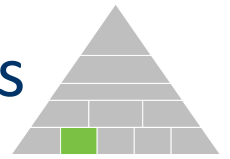
#### **Decision making lacks efficiency and accountability**

- Decision-making is often delayed due to excessive layers of management. Unnecessary management positions are seen to exist as an unresolved issue following the time of amalgamation. Spans of control are notably low for some areas of the organisation (see Appendix C).
- Role clarity and clear accountability for decisions and results, is significantly lacking .

#### **Siloed structure does not best support the organisation**

- The current structure siloes across five Divisions.
- The management depth is excessive for size of organisation.
- Similar activities are currently performed in separate parts of the organisation.
- Corporate Services are not fully integrated with core functions in structure.
- There are unclear hand-off points between divisions within end-to-end business processes. (see Section 4b for full assessment of current structure).
- Recommended structural changes are presented in Section 4.

# Neither customer-facing nor internal business processes support end-to-end or whole-of-Council perspectives



## 8. Business processes

Business processes  
(Customer facing and  
internal)

### **Recommended Projects:**

#### **Project 17 – Progress and performance reporting**

- Develop, deploy and actively monitor an organisational scorecard for Townsville City Council that identifies and reports progress on, and achievement of, agreed KPI's and progress indicators

#### **Project 18 – Activity management and benefits realisation**

- Provide a greater level of assurance that action is being taken for activities, strategies and projects that have been initiated by a Council decision or relate to the implementation of an approved Council strategy or plan

#### **Project 19 – Business assurance and fraud prevention**

- Undertake a forensic audit of identified areas of divisional financial operations and the attendant control environment to ensure the integrity of transactions, identifying specific risk and developing processes that mitigate these risks

### **General recommendations:**

#### **Recommendation J**

- Align external facing processes to ensure a whole-of-customer view and single point of contact for resident enquiries (see also Project 4)

#### **Recommendation K**

- Track end-to-end value chain across divisions for key business process

### **Summary findings:**

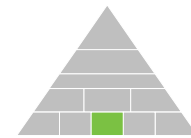
#### **Internal processes lack whole-of-organisation view**

- The SDR process was implemented to assess business (and service delivery) processes within the organisation. The reviews had continued for a period of three years without completion and/or full implementation.
- The SDR process occurred at the Department (and Division) level rather than adopting a whole-of-Council perspective of service delivery.
- Business processes do not adopt a whole-of-Council focus and solutions developed are typically at the Department (or Division) level.
- Project benefit measurement and accountability is lacking.
- Many internal processes are seen as 'box-ticking' exercises which do not provide substantial value to the organisation. For example, compliance and risk management process are completed as a 'box-ticking' exercise.
- Other internal processes (for example staff performance reviews) are seen as largely occurring for their own sake and not providing significant value.
- Financial transactions are originated at various locations within divisions. The current state of the origination documentation and approvals for these transactions do not in all cases provide adequate financial governance.

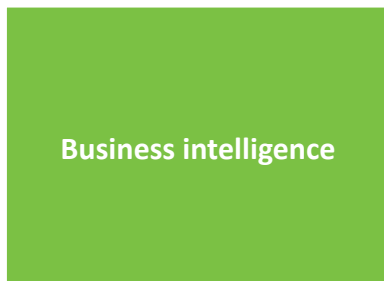
#### **Customer facing processes are disjointed**

- Resident requests processing do not take a whole-of-customer view. Processes are disjointed and not sufficiently integrated. Process management occurs in distinct siloes – multiple systems for case handling exist, leading to confusion and a substandard resident experience.
- Call centre adopts narrow focus and does not represent a one-stop shop for Council Services. Opportunity exists for a more resident centric delivery model. Current staffing levels appear high based on benchmarking data (see Appendix D).

# Business intelligence is variably utilised across TCC, with specific lack of maturity in the customer analytics space



## 9. Business intelligence



### **Recommended Projects:**

#### **Project 20 – Customer analytics**

- Develop and implement a framework, tools and systems to increase the Council's understanding of residents needs and aspirations

#### **Project 21 – Council analytics**

- Develop and implement a framework, tools and systems to increase the Council's understanding of inputs, outputs, outcomes and impacts of the policies, strategies, services and operations of the Council as a whole

### **Summary findings:**

#### **Customer analytics capability can improve**

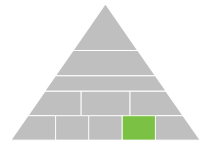
- Opportunities were identified by some departments within the business to capitalise on the data captured to develop strategic and operational business intelligence.
- Customer analytics capability is not well-developed. Council lacks a detailed analysis of its residential segments.
- Customer intelligence is not sufficiently collected and used to deliver services that residents want now and plan services and infrastructure for the future.
- Customer analytics and Knowledge Management do not currently sit together. This can result in mis-communication between these areas (e.g. website design, online payment process).

#### **Business intelligence is collected in distinct units**

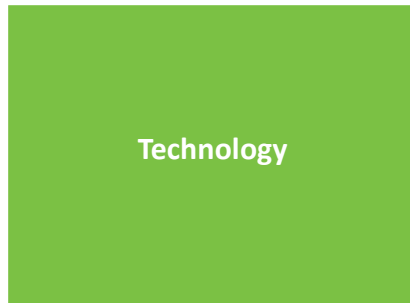
- The Planning and Development Division provides data that informs decision-making in different areas of the Council.
- The Finance Department (within Corporate Services) also provides business intelligence (e.g. benchmarking) that informs the activities and services of other areas of Council.
- Feedback from stakeholders was that business intelligence and data that is held by Communications & Customer Relations (in Corporate Services) is not used to inform activities in other areas of the Council.



# Customer-facing systems lag user expectations, while internal-facing systems could be better integrated



## 10. Technology



### **Recommended Projects:**

#### **Project 22 – Mobility and customer-facing systems**

- Focus on acquiring whole-of-council customer centric systems, that are easily accessible while mobile for residents and council staff to conduct business online

### **General recommendations:**

#### **Recommendation L**

- Implement findings of recent review of IT Infrastructure system to address gaps in needs of internal stakeholders with current IT infrastructure system

### **Summary findings:**

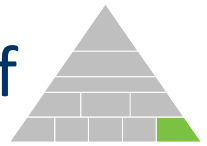
#### **Customer facing systems are outdated**

- Customer-facing technological systems are inadequate and out of date (e.g. ratepayers can not register a dog via an online system).
- Resident request technological systems lack integration, leading to reduced customer experience. Systems are not typically connected between different areas of the Council. For example, client management/requests systems not being connected can result in 'cases' being closed in one area, but not opened in another following internal referrals.

#### **Back of house systems are of inconsistent utility to internal users**

- Technological systems are often outdated and not fit-for purpose (e.g. use of carbon books). In part, this is due to budget pressures.
- Lack of mobility and automation of tasks causes significant inefficiency within the organisation. Frontline staff are not mobile and technology does not support their activities.
- Technological expertise and systems is often siloed, leading to a variable use of technology across the organisation – and “shadow” IT.
- There have been multiple changes to HR, Finance and registration systems over the past period.
- Technology One ERP system deployed in 2013 (FEAM Project) – which supports corporate processes with exception of HR and Payroll. Generally negative response by staff to system identified in past review.

# Utilisation of TCC's physical assets is variable, in terms of both internal usage and potential commercialisation



## 11. Physical assets



### **Recommended Projects:**

#### **Project 23– Fleet management**

- Ensure that fleet expenditure represents value for money and that public funds are being administered efficiently with the required level of probity

#### **Project 24– Asset utilisation**

- Improve the efficiency and effectiveness of the current utilisation of assets including major plant equipment items

### **Summary findings:**

#### **Fleet asset management could focus more strongly on efficiency of utilisation**

- Fleet management is confined to the Infrastructure Division and lacks a whole-of-Council focus.
- Fleet management function lacks empowerment. Fleet utilisation is controlled by the asset user and overarching fleet utilisation management is lacking.
- Utilisation data is not widely used to inform strategic utilisation management. Utilisation of assets is not managed as best as possible, causing inefficiency (see Appendix E).

#### **Management of commercial facilities does not fully realise utility and revenue potential**

- Revenue for facilities are not fully realised due to facilities otherwise occupied with non-profitable events.
- Facilities are leased to community groups at no cost (for lease) to these organisations.
- Opportunities may exist for costs recovery of events, facilities, land and other provision of services.

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# Priority improvement projects will yield significant benefits

## Overview of priority improvement projects and recommendations

The review has identified **24 priority improvement projects** and **12 general recommendations**. These are outlined throughout the findings section and are consolidated in this summary for ease of reference.

The following section presents:

- **Priority improvement projects (labelled as 1-24)**
- **12 additional recommendations (labelled as A-L)**
- **Intended outcomes**, related to projects and recommendations.

Collectively, **these recommendations** will make a foundational improvement to TCC's future effectiveness as an organisation. They should ensure the financial sustainability of TCC and enable it to continue to successfully deliver services to the Townsville community.

# The review identified 24 priority improvement projects

## Overview of priority improvement projects

Element	Focus	Description	Benefit
<b>Purpose and strategy</b>	<b>Project 1 –</b> Clarity and alignment	Establish a clear vision and priorities for Townsville and TCC with the Mayor, elected body, CEO and Directors. In light of this, review and align the current 2014-19 TCC Corporate Plan with the newly agreed vision and priorities. This work should be completed in time to inform development of the 2017-18 Business Plan and Budget and prioritisation of projects.	<ul style="list-style-type: none"> <li>• Shared understanding of strategy and priorities</li> <li>• Corporate Plan 2014-19 re-written</li> </ul>
<b>Purpose and strategy</b>	<b>Project 2 –</b> Communicate vision and priorities	Support the elected Mayor and Councillors in communicating their vision and priorities. The project should focus on the design and implementation of improved internal engagement mechanisms to significantly improve staff focus and engagement with Council outcomes and priorities. The project should also include support for the external communication of priorities.	<ul style="list-style-type: none"> <li>• Shared understanding of strategy and priorities</li> <li>• Aligned Business Plan and budget approach</li> <li>• Prioritised current capital and strategic projects</li> </ul>
<b>Value delivery</b>	<b>Project 3 –</b> Assessment of service provision	Assess service delivery functions under each division in the new structure against a framework of 'must do', 'stop doing' and 'start doing'.	<ul style="list-style-type: none"> <li>• Establishing a clear view of core functions to be performed and the quality of services to be delivered</li> </ul>
<b>Value delivery</b>	<b>Project 4 –</b> Customer strategy	Develop and implement a customer strategy to improve customer service quality and responsiveness to all people who use TCC's services and facilities. Independently assess the resident and customer experience across the major customer contact points within the Council to identify needs and preferences and current levels of customer satisfaction. Develop and establish a set of service standards that can be applied across the Council. A particular focus of the strategy will be designing and implementing an integrated service response for ratepayers and other customers who have multiple touch points with the Council administration, including managing the integration of customer records and information across services and functions.	<ul style="list-style-type: none"> <li>• Increased level of quality and efficient service</li> <li>• Increase level of independently assessed customer satisfaction</li> </ul>

# The review identified 24 priority improvement projects

## Overview of priority improvement projects

Element	Focus	Description	Benefits
<b>Financial model</b>	<b>Project 5 –</b> Financial/ budget management	Reset the budgeting process throughout the organisation. Directors should assess all functions within their Division and rebuild the budget from the ground up and implement zero based budgeting.	<ul style="list-style-type: none"> <li>• Achieve contribution to corporate efficiency target</li> <li>• Zero-based budget developed against agreed strategy and services</li> </ul>
<b>Financial model</b>	<b>Project 6 –</b> Procurement management	Align procurement practice across the organisation ensuring that expenditure represents value for money and that public funds are being administered efficiently with the required level of probity.	<ul style="list-style-type: none"> <li>• 20% reduction in procurement spend on currently procured items</li> <li>• Aligned procurement practices organisation-wide</li> </ul>
<b>Financial Model</b>	<b>Project 7 –</b> Inventory and credit card management	Align credit card policy governing usage and practice with procurement and inventory management practice.	<ul style="list-style-type: none"> <li>• Cost reduction in purchasing supplies</li> <li>• Reduced risk of fraud</li> <li>• Reduce number of credit cards in use by 50%</li> </ul>
<b>Financial model</b>	<b>Project 8 –</b> Labor hire/ consultancy and overtime	Examine current labour hire and overtime usage and budgeting practices. Greater assurance is needed that the current significant level of expenditure represents value for money, that the balance between permanent staff and casual labour is appropriate and that overtime is only used when it is essential to do so.	<ul style="list-style-type: none"> <li>• Reduced expenditure on overtime by 25%</li> <li>• Reduced reliance on labour hire/ consultancy by 25%</li> <li>• Greater emphasis on functions being performed by TCC employees</li> </ul>

# The review identified 24 priority improvement projects

## Overview of priority improvement projects (cont.)

Element	Focus	Description	Benefits
Capability and capacity	<b>Project 9 – Leadership development</b>	Support the establishment of a new organisational structure and culture through the implementation of a leadership development program. The program will develop a leadership framework, assess staff in leadership positions against this framework and plan and provide a program of development activities. It will ensure that all leaders in TCC consistently model the required values and behaviours.	<ul style="list-style-type: none"> <li>Preferred values and behaviours modelled by TCC leaders</li> </ul>
Capability and capacity	<b>Project 10 – Efficient Back-of-Office services</b>	Assess all Corporate Services functions against benchmarks and develop a plan to reduce the level of expenditure to benchmark levels.	<ul style="list-style-type: none"> <li>Reduce corporate overheads over time by 35%</li> <li>Corporate services functions focused on providing enabling services to the organisation</li> </ul>
Culture	<b>Project 11 – Performance focused culture</b>	Determine and instil the drivers of a performance focused culture within the Leadership team who will in turn model these behaviours, practices to their teams and be held accountable for such.	<ul style="list-style-type: none"> <li>Performance frameworks implemented and monitored by leaders across the organisation</li> </ul>
Culture	<b>Project 12 – Culture change</b>	The project will run in parallel with Leadership Development program and focus on leaders developing a more constructive culture that is focussed on outcomes, encourages innovation, is less risk averse and fosters higher levels of teamwork, transparency and openness within the organisation.	<ul style="list-style-type: none"> <li>Constructive culture change as measured against KPI's.</li> </ul>
Culture	<b>Project 13 – Risk management</b>	Develop a risk management framework for the Council that clearly identifies how major or strategic risk should be identified, defined and mitigated.	<ul style="list-style-type: none"> <li>Risk frameworks implemented and supported across the organisation</li> </ul>

# The review identified 24 priority improvement projects

## Overview of priority improvement projects (cont.)

Element	Focus	Description	Benefit
<b>External alliances</b>	<b>Project 14</b> – Local partnerships	Assess the current benefits being generated by local partnerships funded by the Council and negotiate alignment of partner activities with Council priorities.	<ul style="list-style-type: none"> <li>• Strategic alliances developed with local organisations</li> <li>• TCC able to better support economic growth through partnerships</li> </ul>
<b>Governance and structure</b>	<b>Project 15</b> – Improved governance and role clarity	Develop efficient, effective and productive working relationships between governance (Mayor and Councillors) and operations (Council administration), which are based on trust, openness and transparency. Work with the elected Councillors and the Council Executive to clarify roles, align responsibilities and develop and implement a set of agreed principles, protocols and processes for improving the relationship between the Council and the Council administration.	<ul style="list-style-type: none"> <li>• Productivity and effectiveness increase of the TCC</li> </ul>
<b>Governance and structure</b>	<b>Project 16</b> – Structural change	Restructure the organisation to create a more effective and responsive management and organisational structure that is “fit for purpose” and able to deliver Council priorities and strategies more effectively and efficiently.	<ul style="list-style-type: none"> <li>• Expenditure reduction of approx. \$5m. (See Section 4 for further detail)</li> </ul>
<b>Business Processes</b>	<b>Project 17</b> – Progress and performance reporting	Develop, deploy and actively monitor an organisational scorecard for Townsville City Council that identifies and reports progress on, and achievement of, agreed KPI's and progress indicators.	<ul style="list-style-type: none"> <li>• Informed decision support</li> </ul>
<b>Business Processes</b>	<b>Project 18</b> – Activity management and benefits realisation	The aim of this project is to provide a greater level of assurance to the Mayor and Council members, that actions is being taken by the organisation for the tracking of work activities, strategies and projects that have been initiated by a Council decision or relate to the implementation of an approved Council strategy or plan.	<ul style="list-style-type: none"> <li>• Monitor the progress of approved activities</li> </ul>
<b>Business Processes</b>	<b>Project 19</b> – Business assurance and fraud prevention	Undertake a forensic audit of identified areas of divisional financial operations and the attendant control environment to ensure the integrity of transactions, identifying specific risk and developing processes that mitigate these risks.	<ul style="list-style-type: none"> <li>• Fraud prevention and business assurance</li> </ul>



# The review identified 24 priority improvement projects

## Overview of priority improvement projects (cont.)

Element	Focus	Description	Benefit
<b>Business Intelligence</b>	<b>Project 20</b> – Customer analytics	Develop and implement a framework, tools and systems to increase the Council's understanding of residents needs and aspirations.	<ul style="list-style-type: none"> <li>• Knowledge of resident needs and aspirations, leading to better decision making and support of the resident</li> </ul>
<b>Business Intelligence</b>	<b>Project 21</b> – Council analytics	Develop and implement a framework, tools and systems to increase the Council's understanding of inputs, outputs, outcomes and impacts of the policies, strategies, services and operations of the Council as a whole.	<ul style="list-style-type: none"> <li>• Delivering services that have maximum positive impact on residents</li> </ul>
<b>Technology</b>	<b>Project 22</b> – Mobility and customer facing systems	Focus on acquiring whole of council customer centric systems, that are easily accessible while mobile for residents and council staff to conduct business online.	<ul style="list-style-type: none"> <li>• Residents are able to conduct business with council online.</li> <li>• Council staff are able to conduct business while mobile</li> </ul>
<b>Physical assets</b>	<b>Project 23</b> – Fleet management	Council and the CEO need to ensure that fleet expenditure represents value for money and that public funds are being administered efficiently with the required level of probity.	<ul style="list-style-type: none"> <li>• Light fleet expenses reduced by at least 30 %</li> </ul>
<b>Physical assets</b>	<b>Project 24</b> – Asset utilisation	Improve the efficiency and effectiveness of the current utilisation of assets including major plant equipment items.	<ul style="list-style-type: none"> <li>• Increase utilisation of assets and equipment in line with industry benchmarks</li> </ul>

# The review also identified 12 general recommendations

## Overview of general recommendations

Element	Focus	Recommendation
Capability and capacity	<b>Recommendation A – Recruitment</b>	<ul style="list-style-type: none"> <li>Ensure recruitment at management levels is focussed on leadership and strategic skills as well as technical skills</li> </ul>
Capability and capacity	<b>Recommendation B – Talent management</b>	<ul style="list-style-type: none"> <li>talent management strategy and workforce planning to ensure internal skills are used optimally</li> </ul>
Capability and capacity	<b>Recommendation C – Workforce size</b>	<ul style="list-style-type: none"> <li>Reduce TCC staffing levels over time to be in line with comparable local government benchmarks</li> </ul>
Capability and capacity	<b>Recommendation D – Workforce profile</b>	<ul style="list-style-type: none"> <li>Monitor and actively manage workforce age profile</li> </ul>
Culture	<b>Recommendation E – Performance framework</b>	<ul style="list-style-type: none"> <li>The performance framework for the leadership team needs to embody, drive and reward a positive and innovative culture throughout the organisation</li> </ul>
External alliances	<b>Recommendation F – Strategic partnerships</b>	<ul style="list-style-type: none"> <li>TCC should take a leadership role in Townsville’s development through strategic alliances with appropriate institutions</li> </ul>
External alliances	<b>Recommendation G – Partnership ROI</b>	<ul style="list-style-type: none"> <li>Confirm service level agreements with partners that receive TCC funding and track return on investment (ROI) to assess benefits realisation</li> </ul>
Governance and structure	<b>Recommendation H – Mayor/ Councillor support</b>	<ul style="list-style-type: none"> <li>Appropriate support for the Mayor and Councillors should be formalised</li> </ul>
Governance and structure	<b>Recommendation I – Decisions and delegations</b>	<ul style="list-style-type: none"> <li>Determine clear decision making arrangements between levels of management and establish delegation protocols for each management level</li> </ul>
Business processes	<b>Recommendation J – Resident interaction</b>	<ul style="list-style-type: none"> <li>Align external facing processes to ensure a whole-of-customer view and single point of contact for resident enquiries (see also <b>Project 4</b>)</li> </ul>
Business processes	<b>Recommendation K – End-to-end processes</b>	<ul style="list-style-type: none"> <li>Track end-to-end value chain across divisions for key business process</li> </ul>
Technology	<b>Recommendation L – IT Infrastructure</b>	<ul style="list-style-type: none"> <li>Implement findings of recent review of IT Infrastructure system to address gaps in needs of internal stakeholders with current IT infrastructure system</li> </ul>

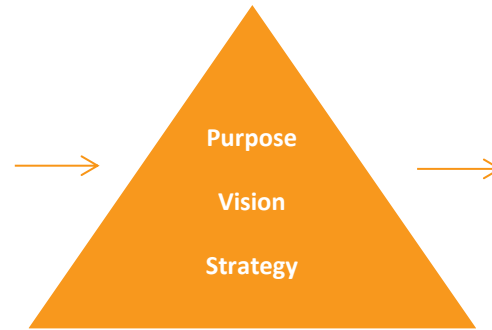
# Successful implementation should bear tangible improvements

## Outcomes linked to projects and recommendations

### Projects and Recommendations

**Project 1** – Clarity and alignment

**Project 2** – Communicate vision and priorities



### Intended outcomes

Shared understanding of strategy and priorities

Corporate Plan 2014-19 re written

Aligned Business Plan and budget approach

Prioritised current capital and strategic projects

**Project 3** – Assessment of service provision

**Project 4** – Customer strategy



A clear view of core functions to be performed and the quality of services to be delivered

Increased level of quality and efficient service

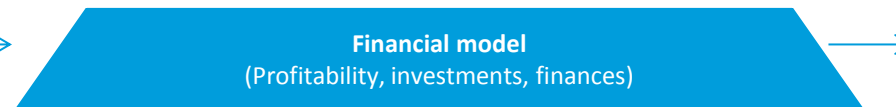
Increase level of independently assessed customer satisfaction

**Project 5** – Financial and budget management

**Project 6** – Procurement management

**Project 7** – Inventory and credit card management

**Project 8** – Labour hire/ consultancy and overtime



Zero-based budget developed against agreed strategy and services

20% reduction in procurement spend on currently procured items

Reduced risk of fraud

Reduce number of credit cards in use by 50%.

Reduced expenditure on overtime by 25%

Reduced reliance on labour hire/ consultancy by 25%

# Successful implementation should bear tangible improvements

## Outcomes linked to projects and recommendations (cont.)

### Projects and Recommendations

**Project 9** – Leadership development

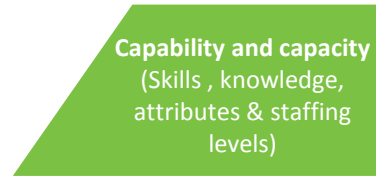
**Project 10** – Efficient Back-of-Office services

**Recommendation A** – Recruitment

**Recommendation B** – Talent management

**Recommendation C** – Workforce size

**Recommendation D** – Workforce profile (age)



### Intended outcomes

Preferred values and behaviours modelled by TCC leaders

Reduce corporate overheads over time by 35%

Reduce staff levels over time in line with comparable local government benchmarks

Actively manage average of TCC workforce profile

**Project 11** – Performance focused culture

**Project 12** – Culture change

**Project 13** – Risk management

**Recommendation E** – Performance framework



Performance frameworks implemented and monitored by leaders across the organisation

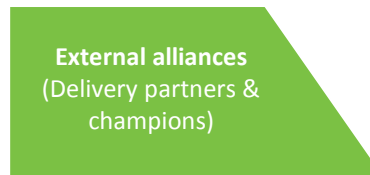
Constructive culture change as measured against KPI's

Risk frameworks implemented and supported across the organisation

**Project 14** – Local partnerships

**Recommendation F** – Strategic partnerships

**Recommendation G** – Partnership ROI



Strategic alliances developed with local organisations

TCC able to better support economic growth through partnership

Validate value for money of service provision with partners for the following services – fleet, facilities, recruitment and select other services

# Successful implementation should bear tangible improvements

## Outcomes linked to projects and recommendations (cont.)

### Projects and Recommendations

**Project 15** – Improved governance and role clarity

**Project 16** – Structural change

**Recommendation H** – Mayor/Councillor support

**Recommendation I** – Decisions and delegations

**Project 17** – Progress and performance reporting

**Project 18** – Activity management and benefits realisation

**Project 19** – Business assurance and fraud prevention

**Recommendation J** – Customer interaction

**Recommendation K** – End-to-end processes

**Project 20** – Customer analytics

**Project 21** – Council analytics

**Project 22** – Mobility and customer facing systems

**Recommendation L** – IT Infrastructure

**Project 23** – Fleet management

**Project 24** – Asset utilisation

**Governance and structure**  
(Roles & accountabilities)

**Business processes**  
(Customer facing & internal)

**Business intelligence**

**Technology**

**Physical assets**

### Intended outcomes

Councillors and CEO are clear on respective roles and demonstrate this clarity in servicing the needs of their customers

Successful implementation of structure, while continuing to deliver frontline services without disruption

Monitored progress of approved activities

Fraud prevention and business assurance

Business reform – Cut red tape by 50% delivering internal and external savings

Knowledge of resident needs and aspirations, leading to better decision making and support of the resident

Services delivered that have maximum positive impact on residents.

Residents are able to conduct business with council online

Council staff are able to conduct business while mobile

Light fleet expenses reduced by at least 30 %

Increased utilisation of assets and equipment in line with industry benchmarks

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# This section recommends an alternative management structure that will support TCC's reform focus.

***This section outlines the recommended organisational structure for Townsville City Council.***

The recommended structure presented in this document has been iteratively developed by the Nous review team, focusing on changes from the 'Manager' level upward.

The structure has been developed on the basis of:

- The findings of the organisational review (as per Section 3, previous)
- Detailed assessment of scale and configuration of TCC's current organisational structure
- Comparison with other local government organisational structures for comparable communities
- Best practice organisational design principles, specifically tailored to Council's objectives and context.

***This section of the document provides:***

- An overview of management review approach
- Assessment of current structure against best practice principles
- Presentation of the recommended organisational structure
- Further information on implementation process.

*Note that employee costs that are presented are estimates based on the mean current salary costs for management levels of each Division. For further detail see **Appendix F**.*

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# Three key considerations shape the recommended structure.

## Overview of key considerations

*The design of TCC's management structure was informed by three key considerations.*

The management structure design presented in this section have been informed by three considerations:

1. **Nine best practice design principles** – to assess the current state management structure and inform the organisational structure design process.
2. **Consolidation of management levels** – to ensure clear accountability between different levels of the organisation.
3. **Realignment for service delivery model for Corporate Support services** – towards a Business Partner model to ensure these functions are embedded within the business areas and provide professional expertise to enable the optimal delivery of the service.

Each is discussed in turn in the pages that follow.

# Nine design principles formed the basis for assessment

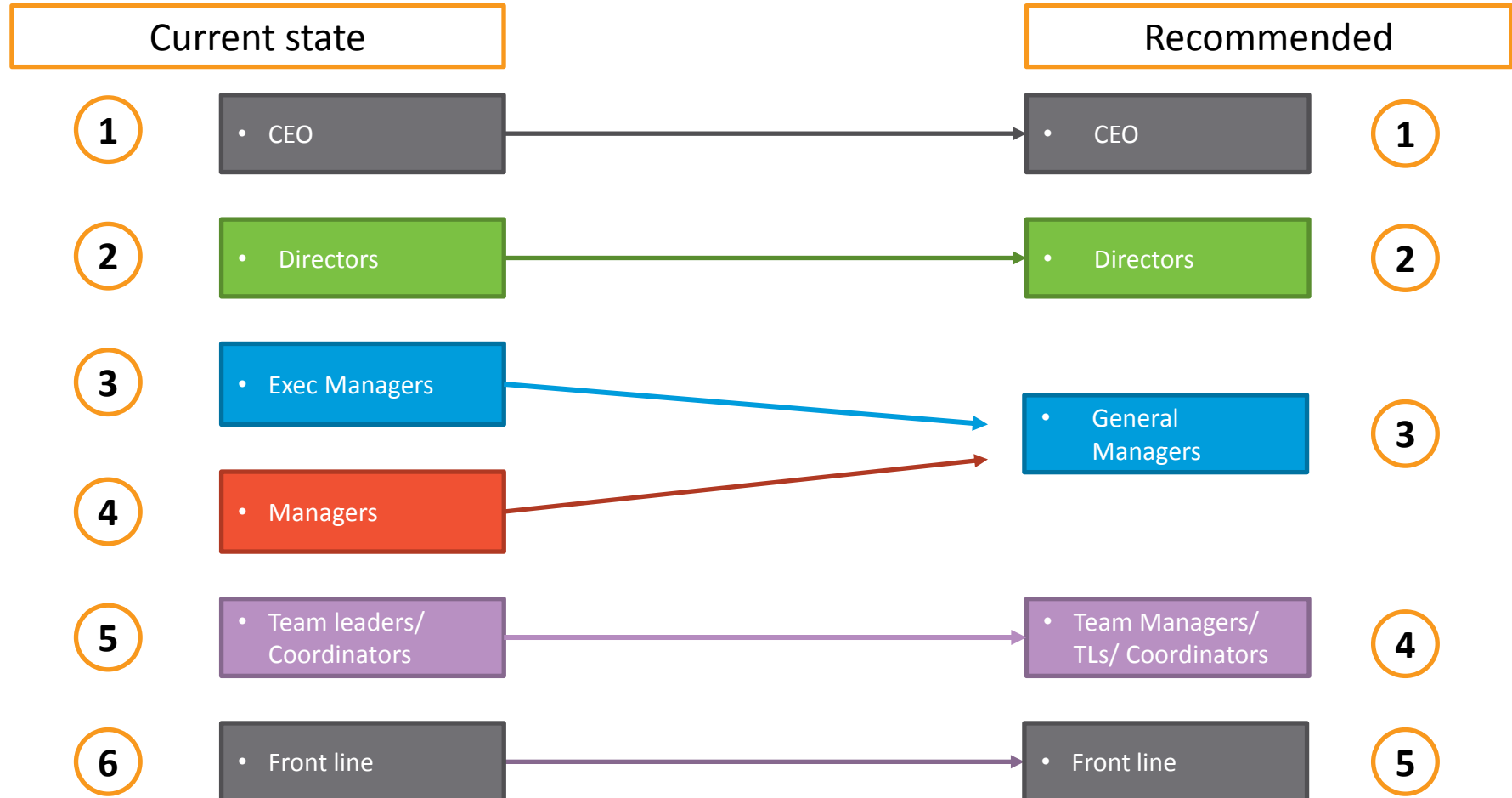
## Key consideration 1 – Design principles

No.	Design Principle	Intent of design principle
1.	<b>Strategy driven</b>	Support the achievement of Council's strategic priorities
2.	<b>Customer focus</b>	Support consistent and quality delivery to residents and customers
3.	<b>Right people and capability</b>	Ensure people's capability (people leadership and technical leadership) and capacity support the delivery of Council's core services and strategic priorities, and drive the desired culture
4.	<b>Practical and affordable</b>	Be practical and affordable to implement, taking into account legal constraints
5.	<b>Aligned skill areas</b>	Centralise skills areas where they can optimally deliver whole-of-customer and/or Council services
6.	<b>Integrated internal services/ Coordinated delivery</b>	Ensure internal support services are integrated with the business unit and/or operational delivery services they directly support Enable critically linked units to work together easily with clear and efficient handoff points
7.	<b>Remove duplication/ Flat organisation</b>	Ensure each level of role delivers a distinct contribution Establish reasonable spans of control (e.g., not have more layers than are absolutely required) to perform effectively (For further detail see <b>Appendix C</b> )
8.	<b>Clear accountabilities</b>	Ensure appropriate controls over its performance – controls that suit its responsibilities, are economical to implement, and motivate managers – and apply appropriate risk management practices (For further detail see <b>Appendix C</b> )
9.	<b>Enables flexibility</b>	Adapt to shifting customer needs and allow rescaling

# EM and Manager levels consolidate as General Manager layer

## Key consideration 2 – Consolidation of middle management layers

The recommended structure consolidates the current Executive Manager and Manager levels of the organisation into a single role, General Manager. Further explanation is provided overleaf.

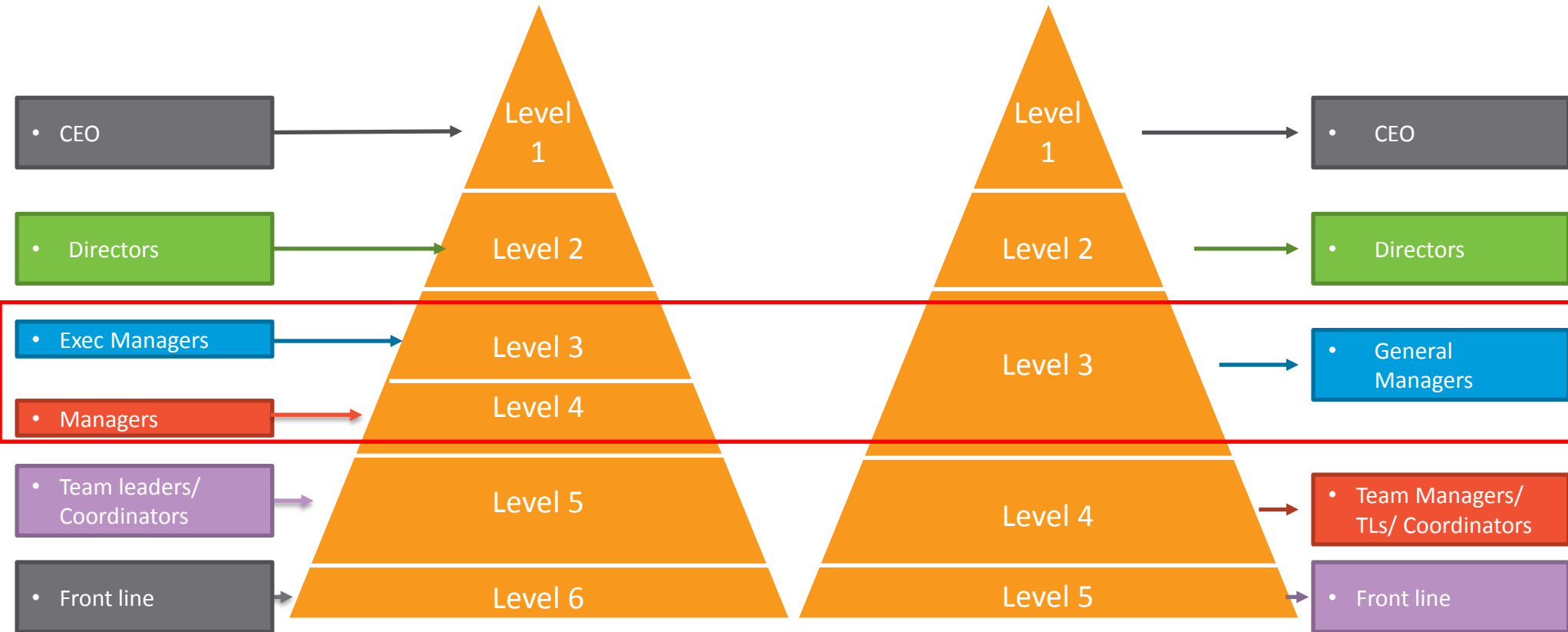


# EM and Manager levels consolidate as General Manager layer

## Key consideration 2 – Consolidation of middle management layers

The recommended structure includes the shift toward a five-level organisation based on Elliot Jacques' levels of work model\*, ensuring that each management layer makes a unique contribution to the leadership of the organisation.

Consolidating the current Executive Manager and Manager levels of the organisation into a single role, General Manager, will reduce the overlapping accountability levels identified in both Nous' review of the organisation and the standing Mercer work value assessments. See **Appendix G** for further information on proposed accountabilities by level.



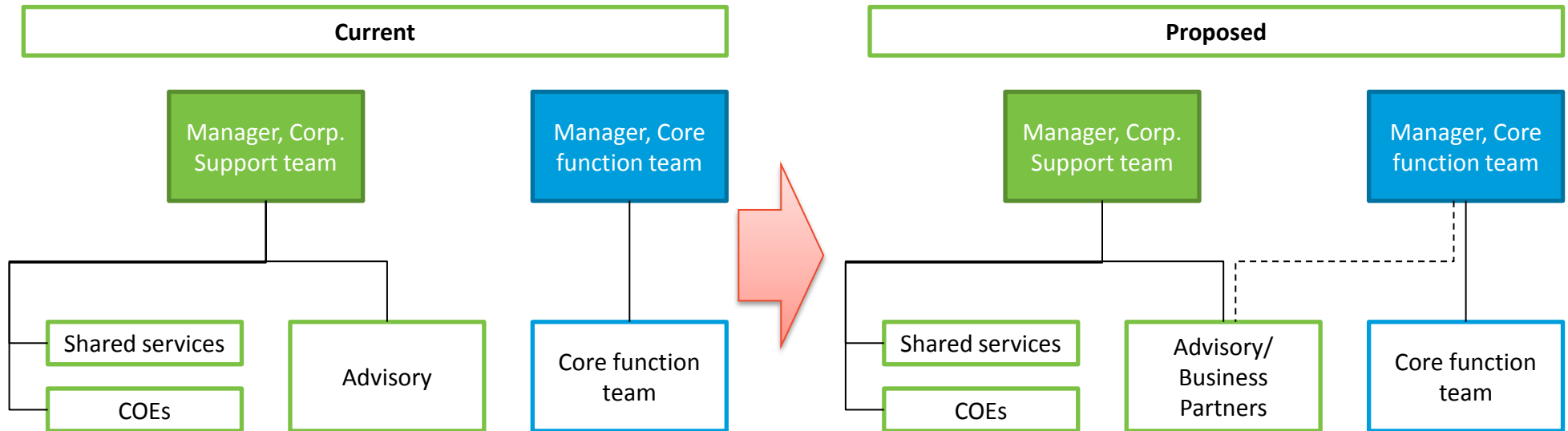
# Business partner model will align Core v Corporate priorities

## Key consideration 3 – Corporate support services re-alignment

Currently, corporate support services model is completely centralised, with Shared Services, Centres of Excellence (COEs) and Advisor roles all centrally located within their given Corporate Support team. Managers of Core function teams have expressed that this has reduced service responsiveness and understanding of core business in these functions. Transitioning to a Business Partner model would ensure corporate services expertise is better embedded in the business and deeply connected to real business drivers at the frontline.

Nous does not view full decentralisation of the corporate support activities as a viable option at this time, given that there is some work required to drive effectiveness, consistency and efficiency within these functions. The proposed model would see the Advisor roles transition out of the Corporate Support teams to sit within the Core functions teams as Business Partners, while remaining under the direct line management of the Corporate Manager.

This realigned model would be potentially applicable to all major corporate support services within the organisation, including (but not limited to): Finance, Human Resources, Knowledge Management, Communications and Marketing.

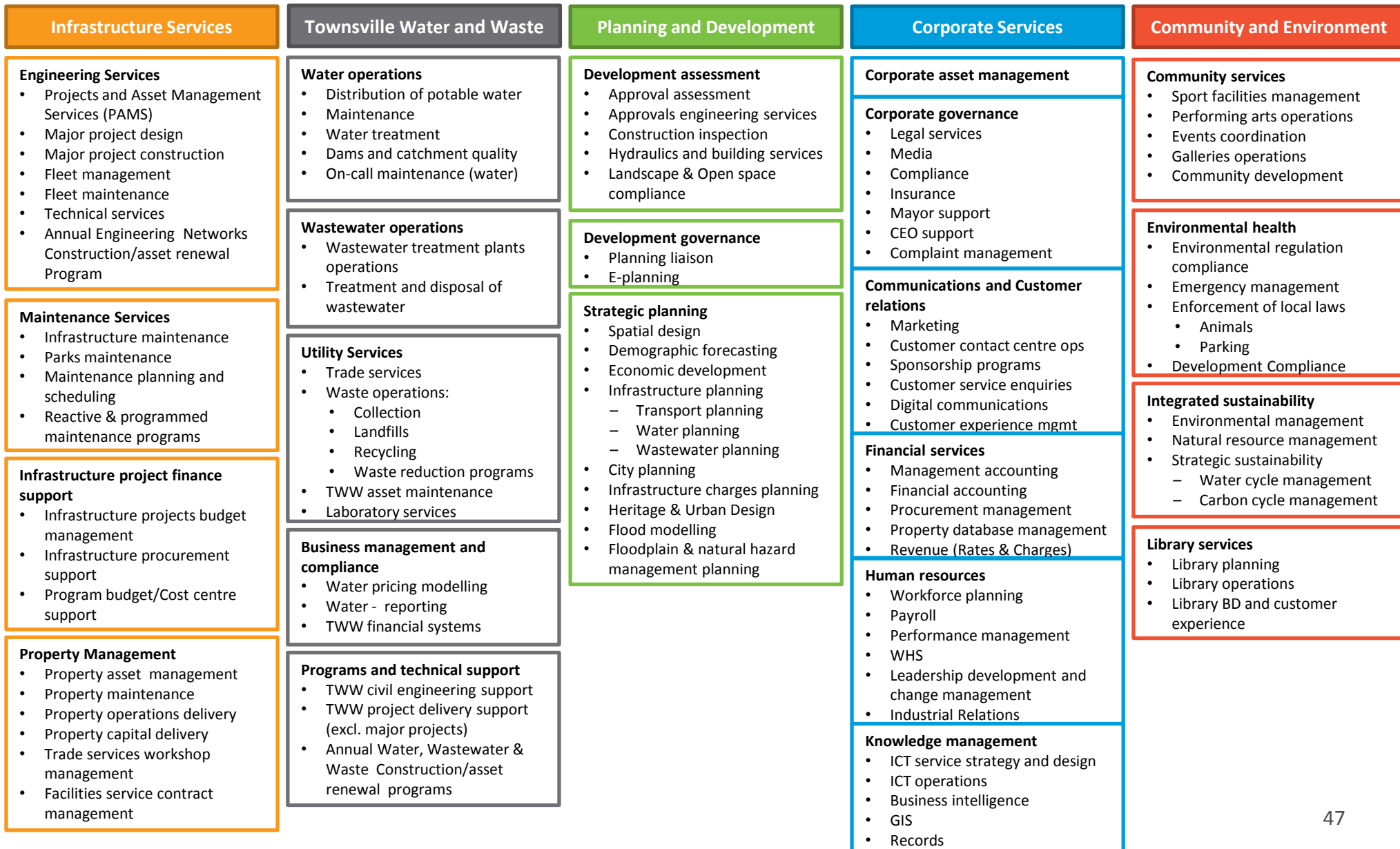


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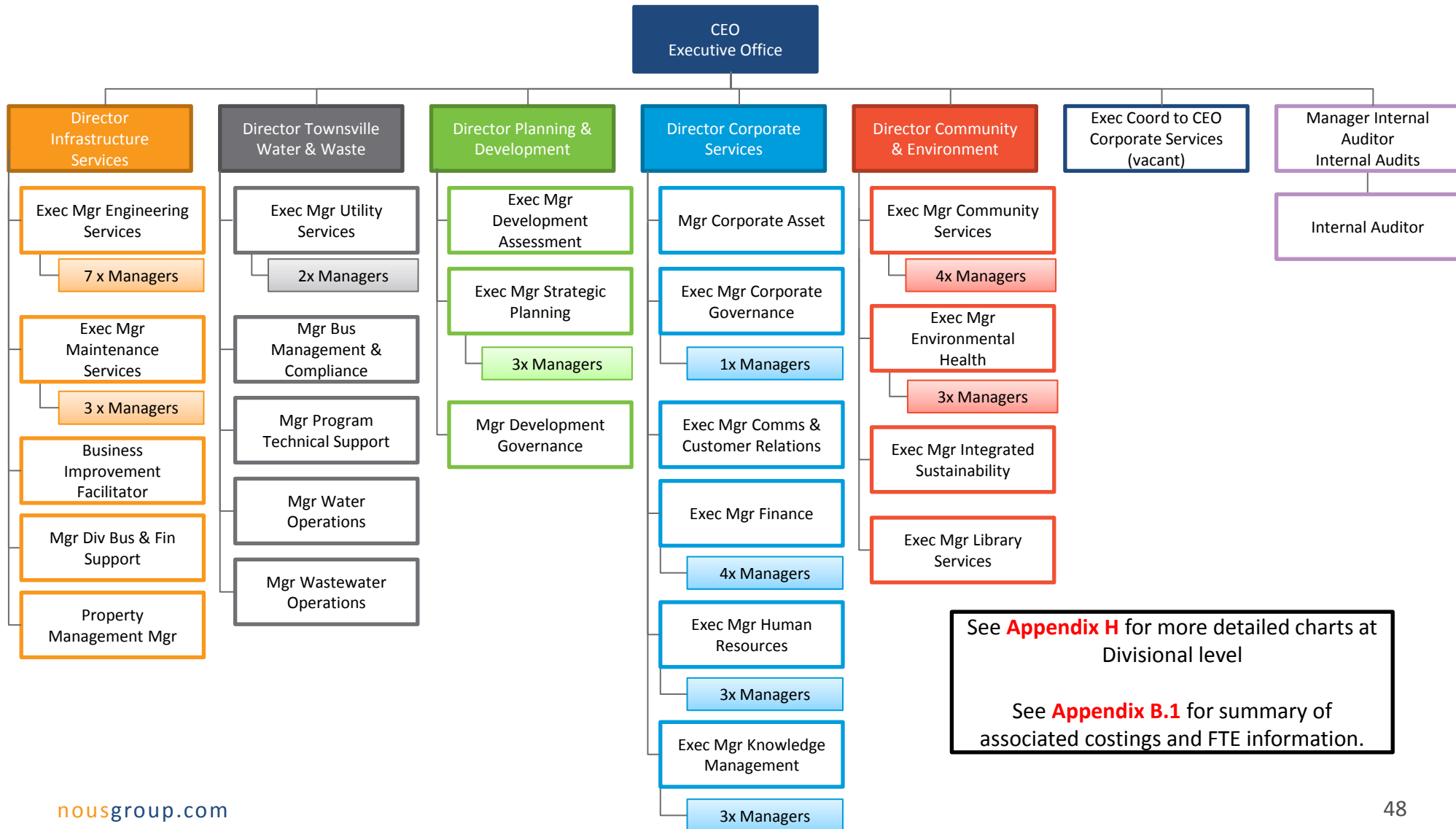
# The current structure siloes across five Director-led divisions

## Functional view of current state structure



# It features significant management layers within divisions

## Current organisational structure – Management level summary



See **Appendix H** for more detailed charts at Divisional level

See **Appendix B.1** for summary of associated costings and FTE information.



# The cost of the management roles is high at approx. \$9.2m

## Summary of management roles, spans of control (SOC) and associated costs

Division	Directors		Executive Managers		Managers		Overall (levels 2-4)		
	No. of roles	Avg. SOC*	No. of roles	Avg. SOC*	No. of roles	Avg. SOC*	No. of roles	Salary costs of roles	Avg. SOC* (all mgmt.)
Infrastructure services	1	6	2	8	12	6.08	15	\$2,410,460	5.45
Townsville Water and Waste	1	5	1	4	6	4.16	8	\$1,290,672	6.96
Planning and Development	1	3	2	10.5	4	7.75	7	\$1,080,141	5.93
Community and Environment	1	4	4	4.75	7	4.57	12	\$1,741,204	6.01
Corporate services	1	6	5	4.4	12	5.83	18	\$2,736,066	6.62
<b>Council Total**</b>	<b>5</b>	<b>4.8</b>	<b>14</b>	<b>5.86</b>	<b>42**</b>	<b>5.68</b>	<b>61</b>	<b>\$9,394,561</b>	<b>6.03</b>

*Note: Change made to current structure costing provided as only four Managers in Planning and Development Division.*

*Excludes superannuation*

*\*Avg. SOC indicates average span of control. This refers to the number of people directly reporting to each manager. Refer to Appendix C.1 for more information*

*\*\*Council Total includes Internal Audit position reporting to CEO. Excludes CEO.*

# It contributes to TCC's alignment and integration challenges

## Assessment of current state structure against design principles

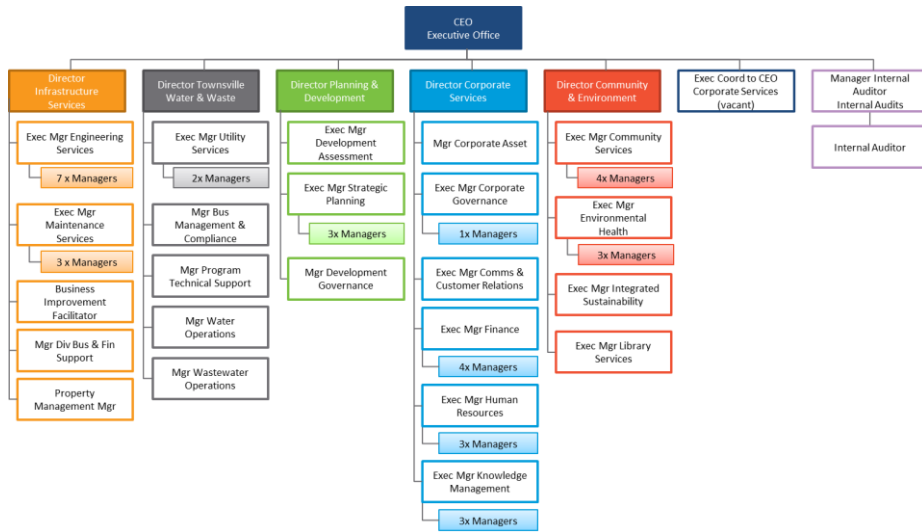
N.	Principle	Assessment	Rationale
1.	<b>Strategy driven</b>	Moderate	<ul style="list-style-type: none"> <li>(+) Council's core local government functions are readily-recognisable at the top layer of the structure</li> <li>(-) Specific strategic functions relating to city priorities are at lower levels within the structure</li> </ul>
2.	<b>Customer focus</b>	Weak	<ul style="list-style-type: none"> <li>(-) Council's focus on customer experience is not readily-recognisable at the top layers of the structure</li> <li>(-) The notional single point of customer accountability is not positioned to have organisational influence</li> </ul>
3.	<b>Right people and capability</b>	Moderate	<ul style="list-style-type: none"> <li>(+) Technical expertise appears prominently placed in the structure in the allocation of functions</li> <li>(-) Leadership capability is diffuse compared to the number of senior and middle management positions</li> </ul>
4.	<b>Practical and affordable</b>	Weak	<ul style="list-style-type: none"> <li>(-) Level of salary investment in senior and middle management is not sustainable for the organisation</li> </ul>
5.	<b>Aligned skill areas</b>	Moderate	<ul style="list-style-type: none"> <li>(+) Key corporate support services functions are centralised within the structure</li> <li>(-) Critical technical skills (e.g. engineering) are replicated across several teams, rather than consolidated within structure</li> </ul>
6.	<b>Integrated internal services/ Coordinated delivery</b>	Weak	<ul style="list-style-type: none"> <li>(-) Unclear handoff points between divisions within end-to-end business processes</li> <li>(-) Lack of clear oversight or integration for end-to-end business processes</li> <li>(-) The engagement of corporate support service functions back into core functions is not supported by model or structure</li> </ul>
7.	<b>Remove duplication/ Flat organisation</b>	Weak	<ul style="list-style-type: none"> <li>(-) Depth of management structure is excessive for size of organisation, especially in middle management layers</li> <li>(-) Unclear differentiation between expected contribution of Executive Manager and Manager layers</li> </ul>
8.	<b>Clear accountabilities</b>	Weak	<ul style="list-style-type: none"> <li>(+) Council's core local government functions are readily-recognisable at the top layer of the structure</li> <li>(-) Spans of control vary across organisation, including some narrow ranges at senior and middle management layers</li> <li>(-) Level of division within functions varies across organisation, with some unclear demarcation between middle manager roles</li> </ul>
9.	<b>Enables flexibility</b>	Moderate	<ul style="list-style-type: none"> <li>(+) Functional structure allows for scale-up or down as response to changing volume</li> <li>(-) Capacity for cross-divisional transfer of functions appears more limited</li> </ul>

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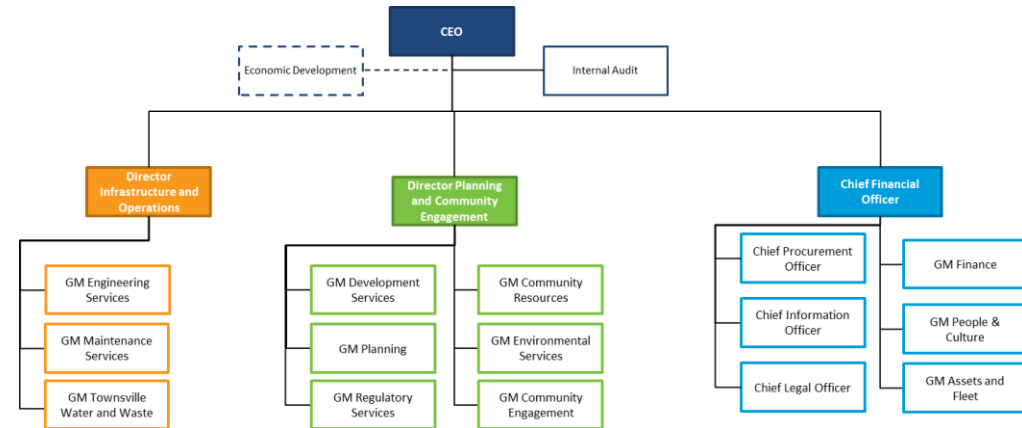
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# Recommended structure features a consolidation of five divisions to three divisions

## Current state structure



## Recommended structure



# Recommended structure drives integration and consolidation

## Overview of key changes under recommended structure

**Purpose** – This structure consolidates the number of divisions in the structure from five to three, with these divisions focusing on leadership of infrastructure and operations, planning and community services, and enabling corporate services respectively. It is designed to integrate the functions with shared capabilities and contributions to common value chains.

### **Key changes from the current state in this structure are:**

- Creation of ***Infrastructure and Operations division***, including all Asset Management, Service Provision (Build and Maintain), Operations and associated support functions within one division.
- Separation of all asset management-related functions within this division into the Engineering Services role, as operational asset manager for all major infrastructure assets.
- Separation of all maintenance-related functions into Maintenance Services, as maintenance service provider across the portfolio.
- Creation of ***Planning and Community Engagement division***, including all customer services and planning functions into a single division.
- Communications and Customer Relations move from Corporate Services into this portfolio and are consolidated with Community Development, Events and Protocol and Mayoral and CEO support functions, to form Community Engagement Division.
- Library Services to integrate with Gallery Services, Performing Arts and Sports facilities to form Community Resources Division, focusing on operation and commercial utilisation of Council properties.
- Redesignation of Environmental Health and Integrated Sustainability, as Regulatory Services and Environmental Services respectively.

# Recommended structure drives integration and consolidation

## Overview of key changes under recommended structure – cont.

- Establishing a **Chief Financial Officer position** focused on leading the financial sustainability of the Council and driving the delivery of financial and organisational services across council through the use of the business partnering model.
- Creation of a consolidated property, fleet management and maintenance portfolio within the office of the CFO, including scope of current Corporate Asset, Property Management and Fleet teams and the function of corporate/organisational asset management.
- Establishing a role of Chief Information Officer with responsibility of for the current Knowledge Management area, with a focus on customer and frontline officer mobility, digital enablement, front-of-house and BI solutions.
- Establishing a Chief Procurement Officer role, to lead and drive strategic procurement across the whole-of-council.
- Establishing a role of GM People and Culture which will lead the Human Resources function across council, with an uplift in focus on organisational and employee development activities.
- Establishing the role of a Chief Legal Officer to lead the legal and support services functions.
- Establishing an **Economic Development taskforce** to focus on facilitating economic growth in Townsville. This taskforce will be led by the CEO and include all division Directors and appropriate staff from the Economic Development and other functions as required to focus on economic growth initiatives.

# It features a consolidation of five divisions to three divisions

## Functional view

### Infrastructure and Operations

#### Engineering Services

As shown for current state, with exception of

- Fleet management and fleet maintenance

In addition to:

- Asset management (previously within Utility Services)
- Infrastructure project finance support in current state
- Business Management and Compliance functions (all)
- Programs and Technical Support functions (all)
- Emergency management (previously within Environmental Health)

#### Maintenance Planning and Operations

As shown for current state

#### Water, Waste and Wastewater operations

- Water Network functions
- Wastewater Operations functions
- Waste Operations functions

In addition to

- Laboratory services (previously within Utility Services)
- Mechanical Operations (previously within Utility Services)

### Planning and Community Engagement

#### Community engagement

Communications and customer relations as shown for current state, in addition to

- Customer case management (new function)
- Community Development function (previously in Community Services; with exception of Community leasing services)
- Community engagement support to Councillors
- Executive support
- Media
- Planning Liaison (previously in Development Governance)
- Events

#### Development services

- Development Assessment function
- Development Governance function (excl. planning liaison)

#### Planning

As shown for current state

Note: Function name has changed from Strategic Planning

#### Regulatory services

As shown for current state, with exception of

- Emergency Management

Note: Function name has changed from Environmental Health

#### Community resources

- Library services functions as shown in current state
- Community Services functions as shown in current state, with exception of:
  - Community Development function
  - Events

#### Environmental services

As shown in current state

Note: Function name has changed from Integrated Sustainability Services

### Chief Financial Officer Division

#### Finance

As shown in current state, with exception of

- Procurement management
- In addition to
- Insurance (previously in Corporate Governance)
  - Payroll (previously in HR)

#### Procurement

- Procurement management

#### People and Culture

As shown in current state, with exception of

- Payroll

Note: Function name has changed from Human Resources

#### Information Services

As shown in current state

Note: Function name has changed from Knowledge Mgmt

#### Assets and fleet

As shown in Corporate Asset Management current state, in addition to

- Property Management functions (previously within Infrastructure Services)
- Fleet management and maintenance functions (previously within Engineering Services)
- Commercial leasing services (previously within Community Development; Community Services)

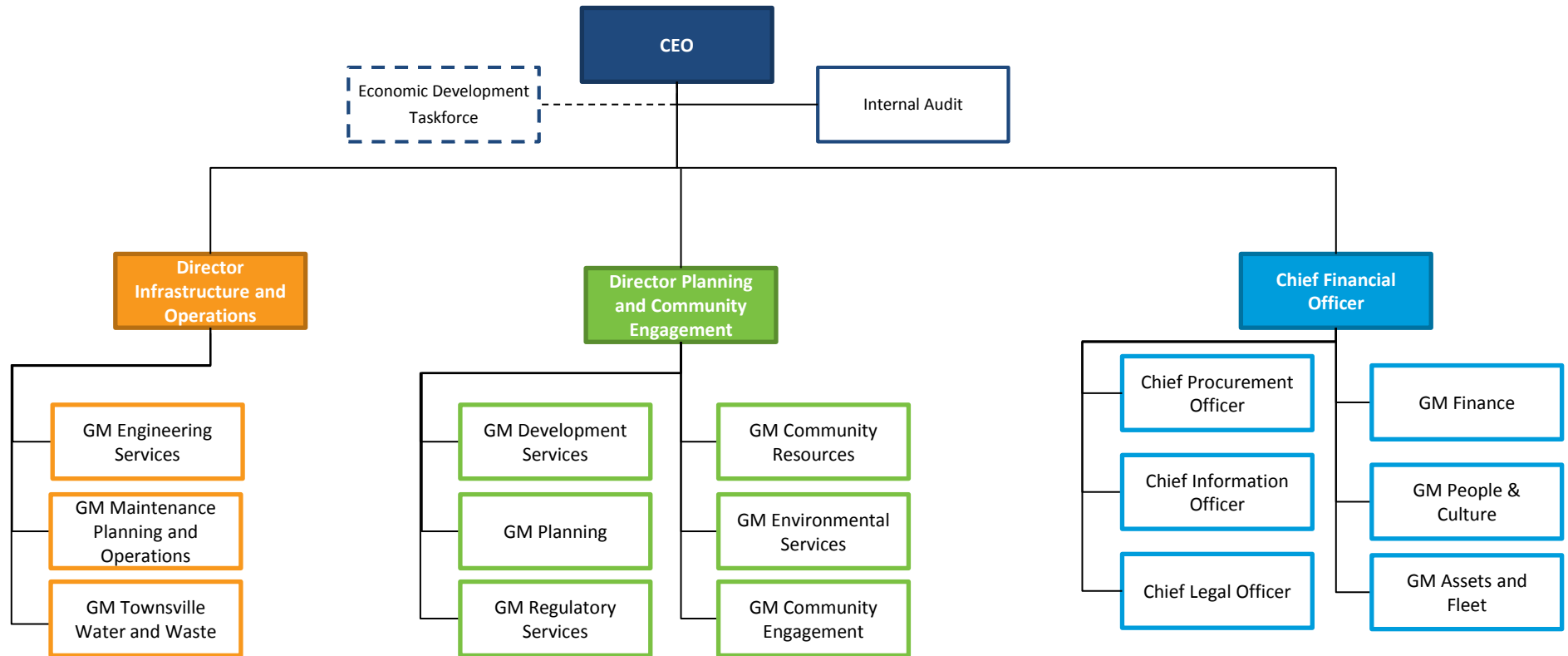
#### Legal and governance

Corporate Governance as shown in current state, with exception of

- Media
- Support for Mayor and Councillors
- Insurance

# It also reduces the depth of the middle management structure

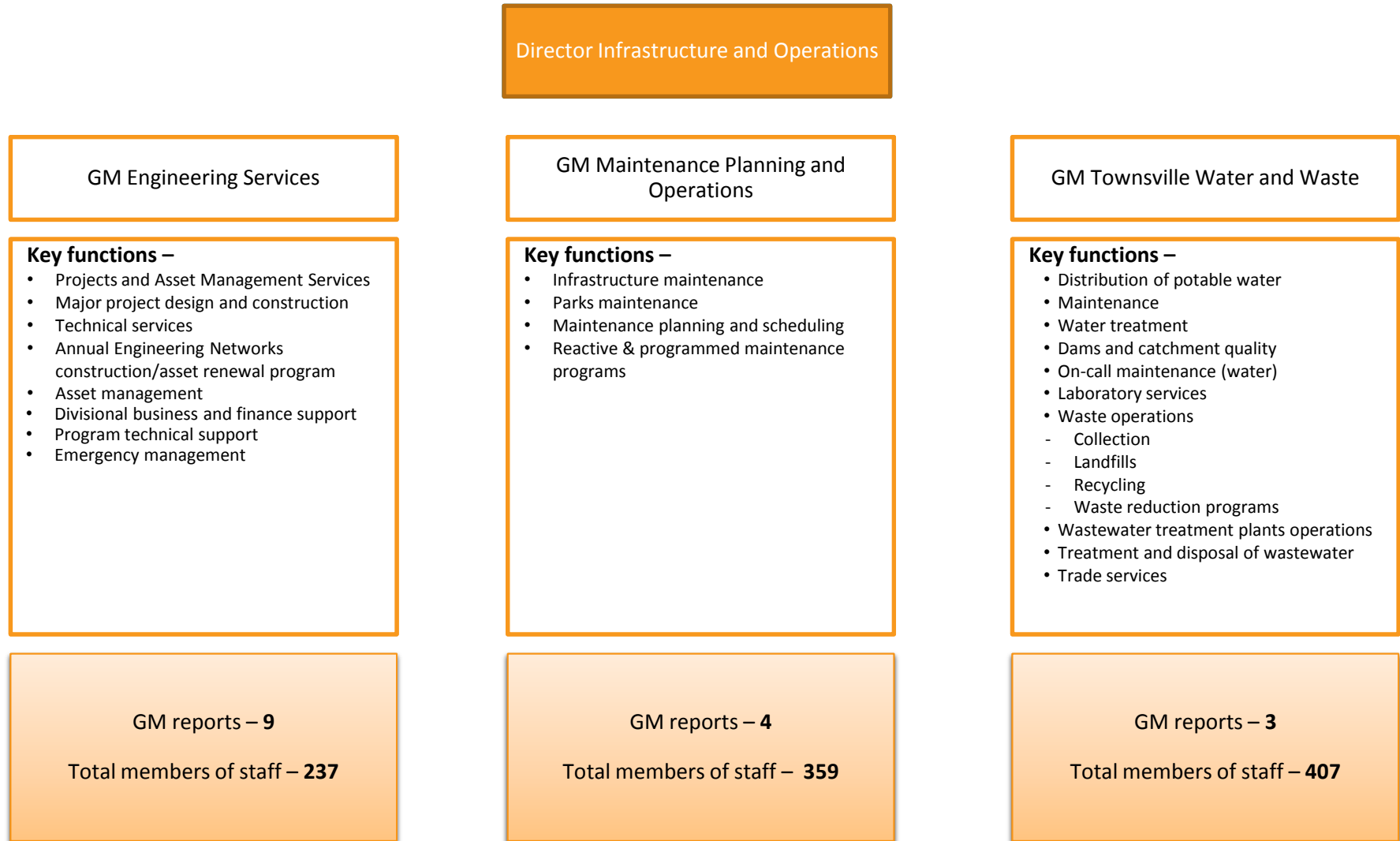
## Management level organisational structure





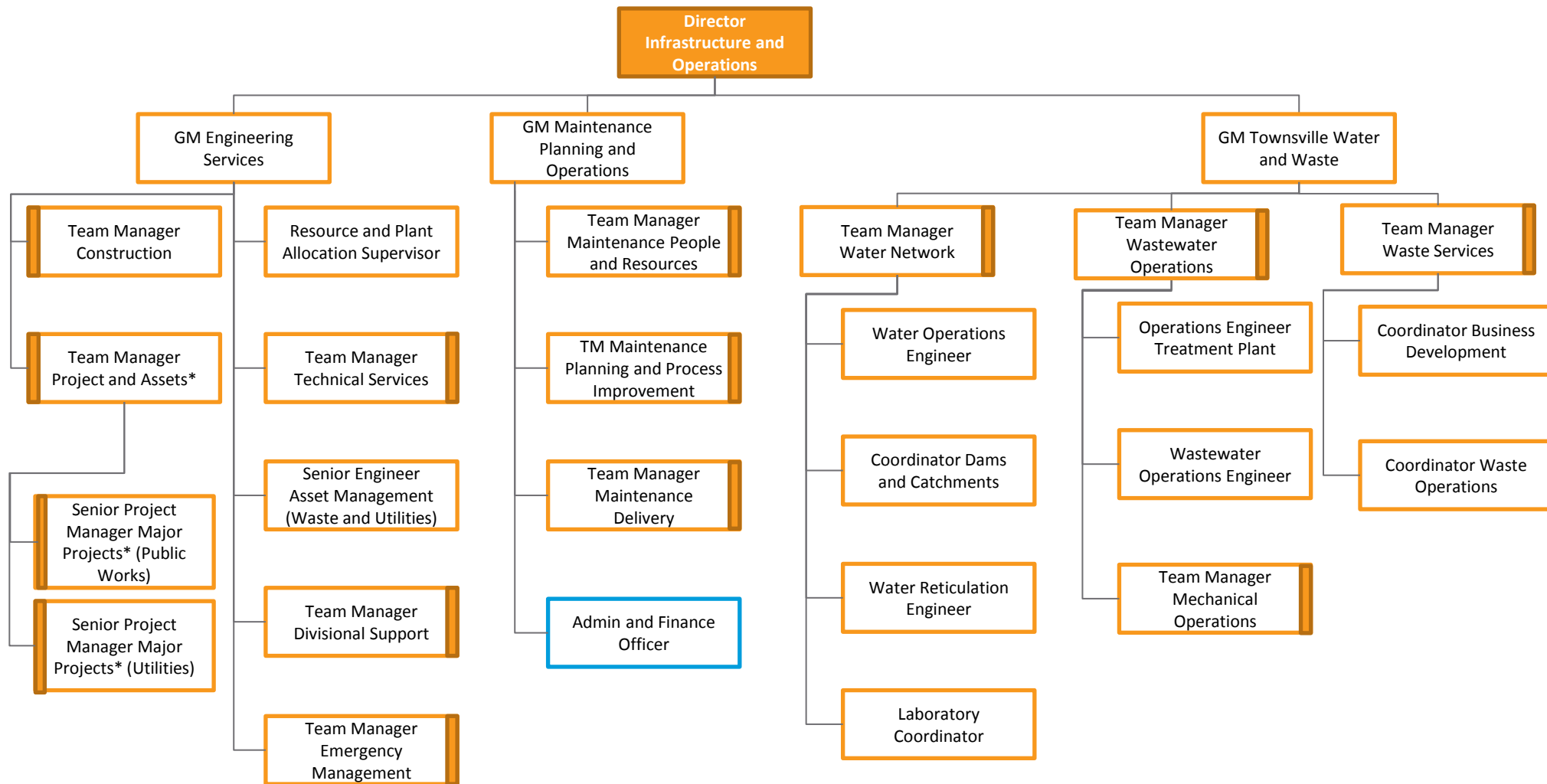
# I&O division now houses all infrastructure-related functions

## Proposed functional structure – Infrastructure & Operations



# I&O division now houses all infrastructure-related functions

## Proposed organisational structure – Infrastructure & Operations



Reporting arrangements should be reviewed. With two management roles now reporting into Team Manager Project and Assets opportunities may exist for broader distribution of reports.

Note: Coloured bar in structure chart indicates Team Manager position

# P&CE division combines all planning and customer functions

## Proposed functional structure – Planning & Community Engagement

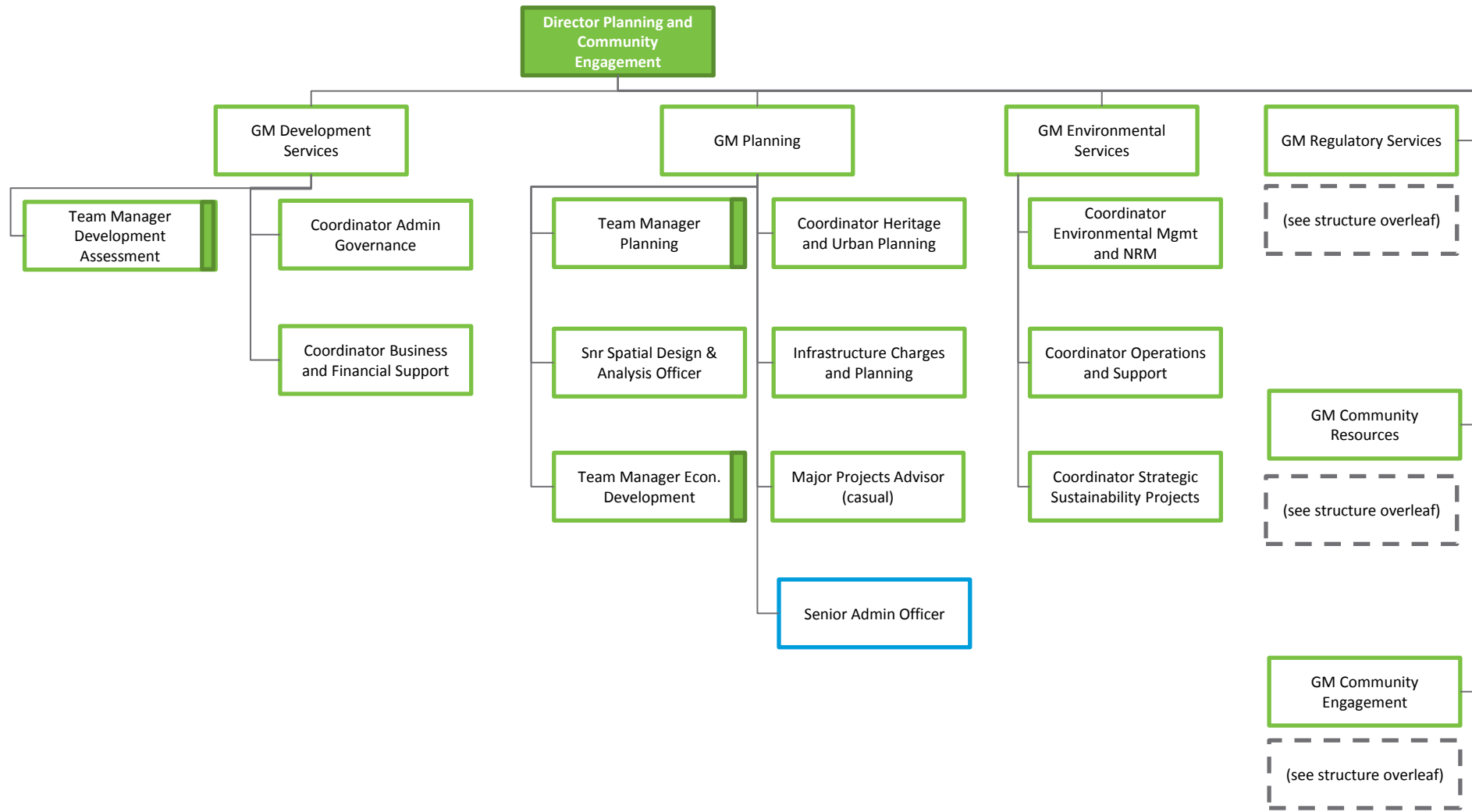
Director Planning and  
Community Engagement

GM Development Services	GM Planning	GM Regulatory services	GM Community Resources	GM Community Engagement	GM Environmental Services
<p><b>Key functions –</b></p> <ul style="list-style-type: none"> <li>• Approval assessment</li> <li>• Approvals engineering services</li> <li>• Construction inspection</li> <li>• Hydraulics and building services</li> <li>• Landscape &amp; open space compliance</li> <li>• Development governance</li> </ul>	<p><b>Key functions –</b></p> <ul style="list-style-type: none"> <li>• Spatial design</li> <li>• Demographic forecasting</li> <li>• Infrastructure planning (transport, water, wastewater)</li> <li>• Economic Development</li> <li>• City planning</li> <li>• Infrastructure charges planning</li> <li>• Heritage &amp; urban design</li> <li>• Flood modelling and planning</li> </ul>	<p><b>Key functions –</b></p> <ul style="list-style-type: none"> <li>• Environmental regulation compliance</li> <li>• Enforcement of local laws                             <ul style="list-style-type: none"> <li>– Animals</li> <li>– Parking</li> </ul> </li> <li>• Development compliance</li> </ul>	<p><b>Key functions –</b></p> <ul style="list-style-type: none"> <li>• Library services</li> <li>• Performing arts operations</li> <li>• Galleries operations</li> <li>• Sports facilities management</li> </ul>	<p><b>Key functions –</b></p> <ul style="list-style-type: none"> <li>• Marketing</li> <li>• Customer one-stop-shop (incl. Customer contact centre, customer service enquiries, planning liaison)</li> <li>• Digital communications</li> <li>• Customer experience management</li> <li>• Sponsorship programs</li> <li>• Community Development</li> <li>• Events coordination and protocol</li> <li>• Mayor/CEO Support</li> <li>• Media</li> </ul>	<p><b>Key functions –</b></p> <ul style="list-style-type: none"> <li>• Environmental management</li> <li>• Natural resource management</li> <li>• Strategic sustainability                             <ul style="list-style-type: none"> <li>– Water cycle management</li> <li>– Carbon cycle management</li> </ul> </li> </ul>
<p>GM reports – 3</p> <p>Total members of staff – 99</p>	<p>GM reports – 7</p> <p>Total members of staff – 42</p>	<p>GM reports – 7</p> <p>Total members of staff – 95</p>	<p>GM reports – 5</p> <p>Total members of staff – 199</p>	<p>GM reports – 10</p> <p>Total members of staff – 166</p>	<p>GM reports – 3</p> <p>Total members of staff – 54</p>

Note: Development Assessment have outlined further opportunities for savings in the SDR process. This is not included in these calculations as it goes beyond level 4 of the organisation, and is therefore out of scope for this review.

# P&CE division combines all planning and customer functions

## Proposed organisation structure – Planning & Community Engagement

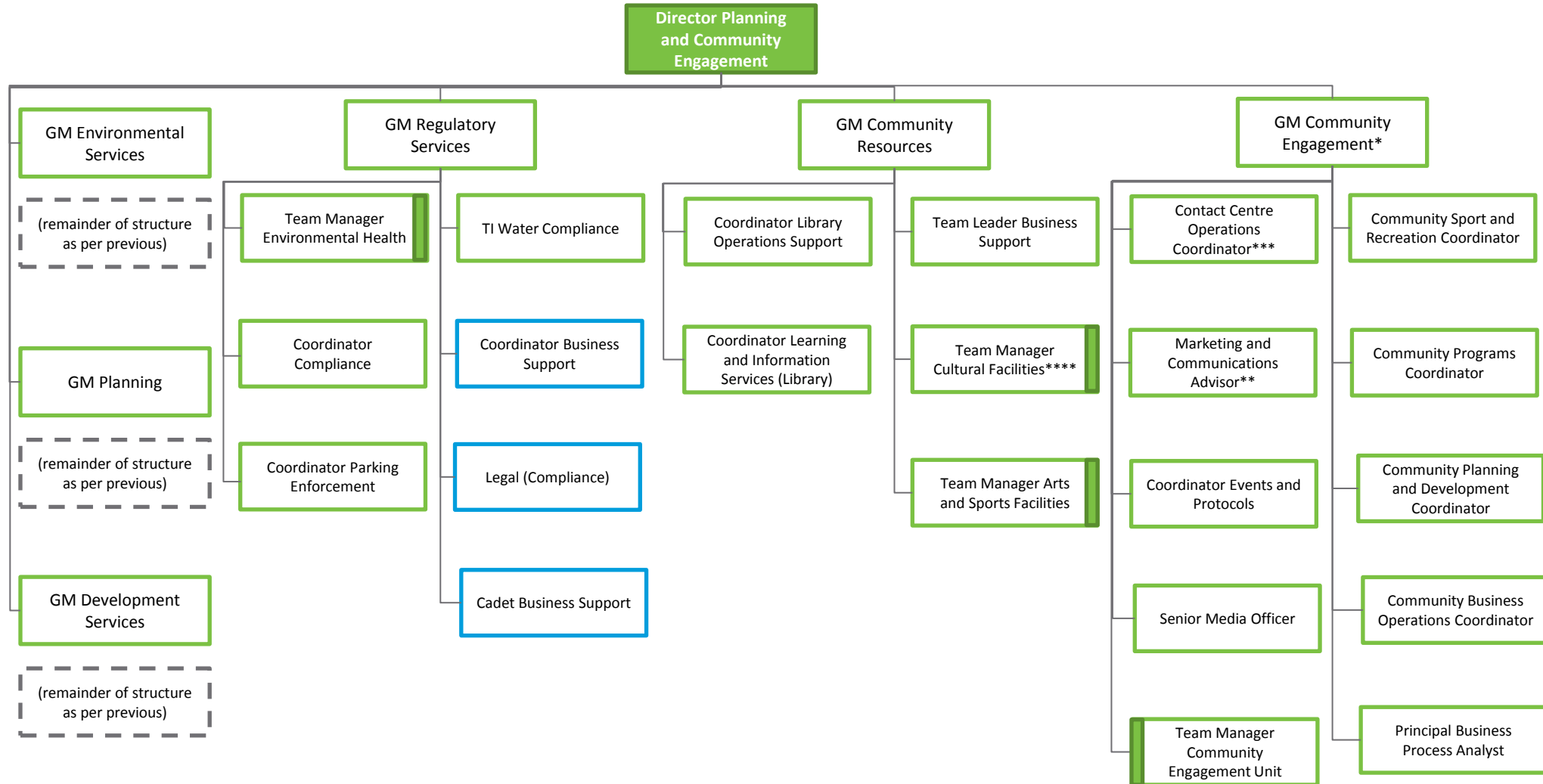


Note: Development Assessment have outlined structural changes beyond L4 of the organisation as part of their SDR process.

Note: Coloured bar in structure chart indicates Team Manager position

# P&CE division combines all planning and customer functions

## Proposed org. structure– Planning & Community Engagement (cont.)



\* Opportunities exist for further consolidation and refinement of Community Engagement unit.

\*\* Consolidation of marketing and Communications roles. Three Marketing and Communications advisors, Digital Communications functions and Together Townsville. Might consider creating Team Manager position to oversee function.

\*\*\* Note Planning Liaison position reflected in Contact Centre and Operations function. Note role title should change to reflect broader focus of role.

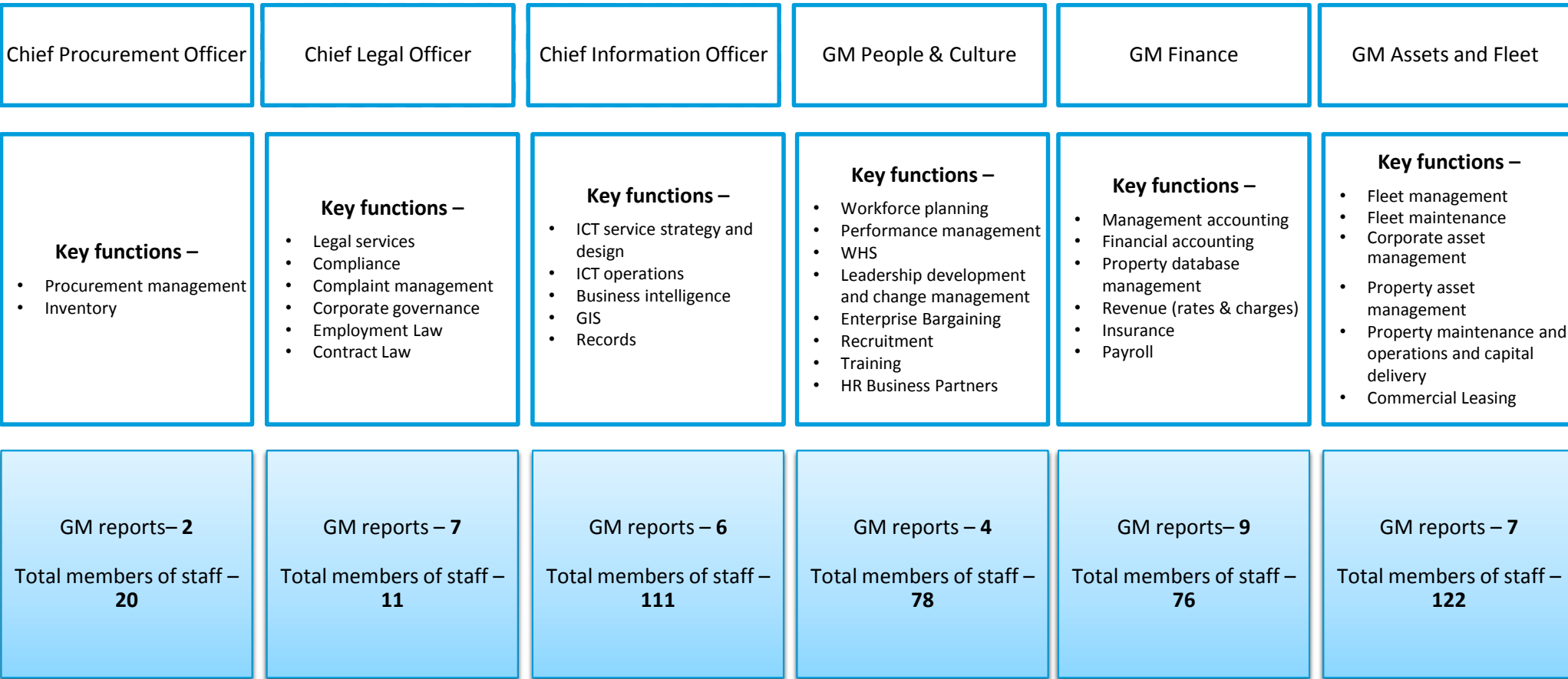
\*\*\*\* Includes Library Planning and Business Development function and Library Customer Experience function, in addition to Gallery Services function

Note: Coloured bar in structure chart indicates Team Manager position

# The CFO will integrate across all corporate support functions

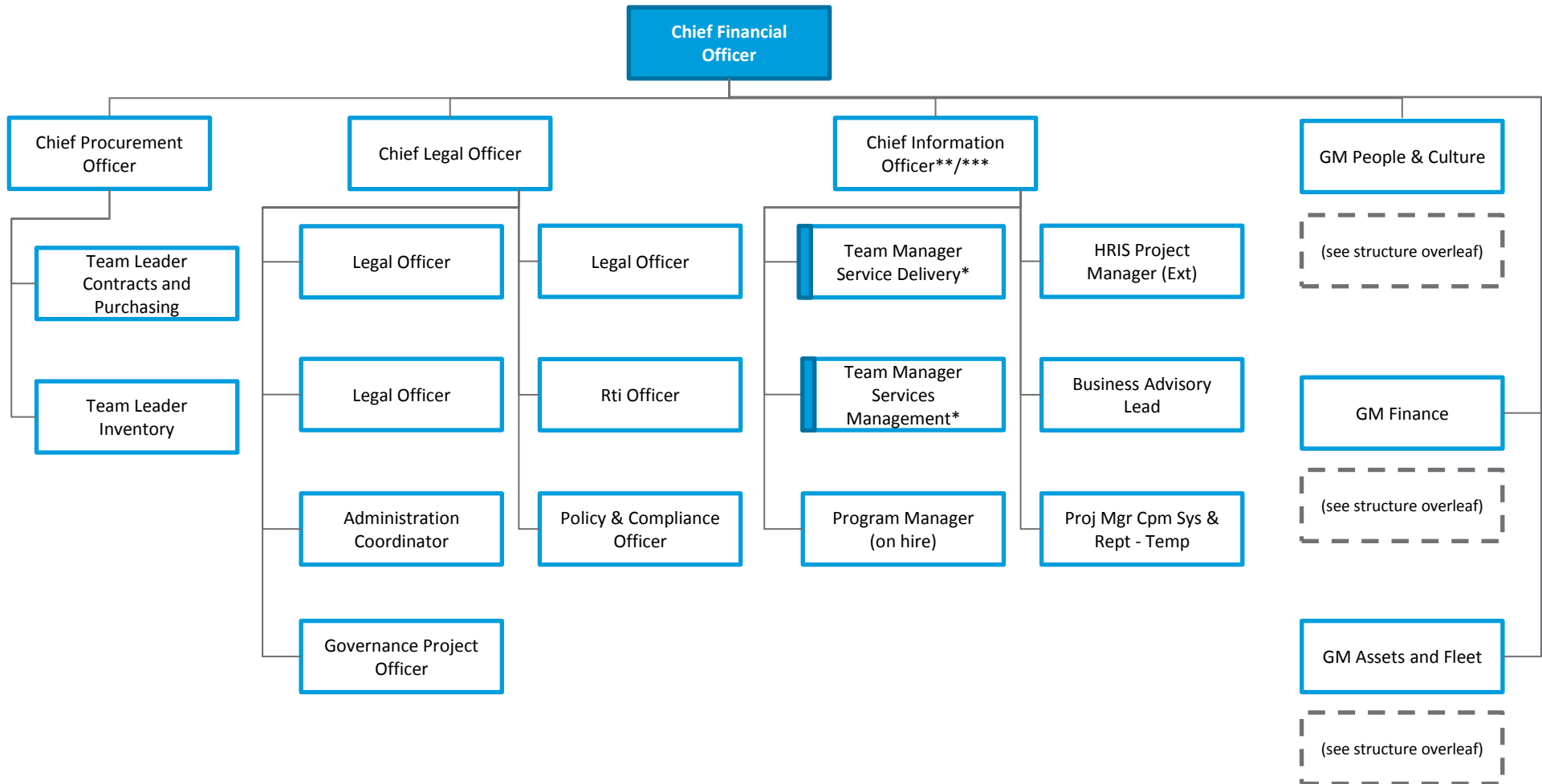
## Proposed functional structure – CFO Division

CFO



# The CFO will integrate across all corporate support functions

## Proposed organisation structure – CFO Division



\* These positions will be established for on a temporary basis pending review.

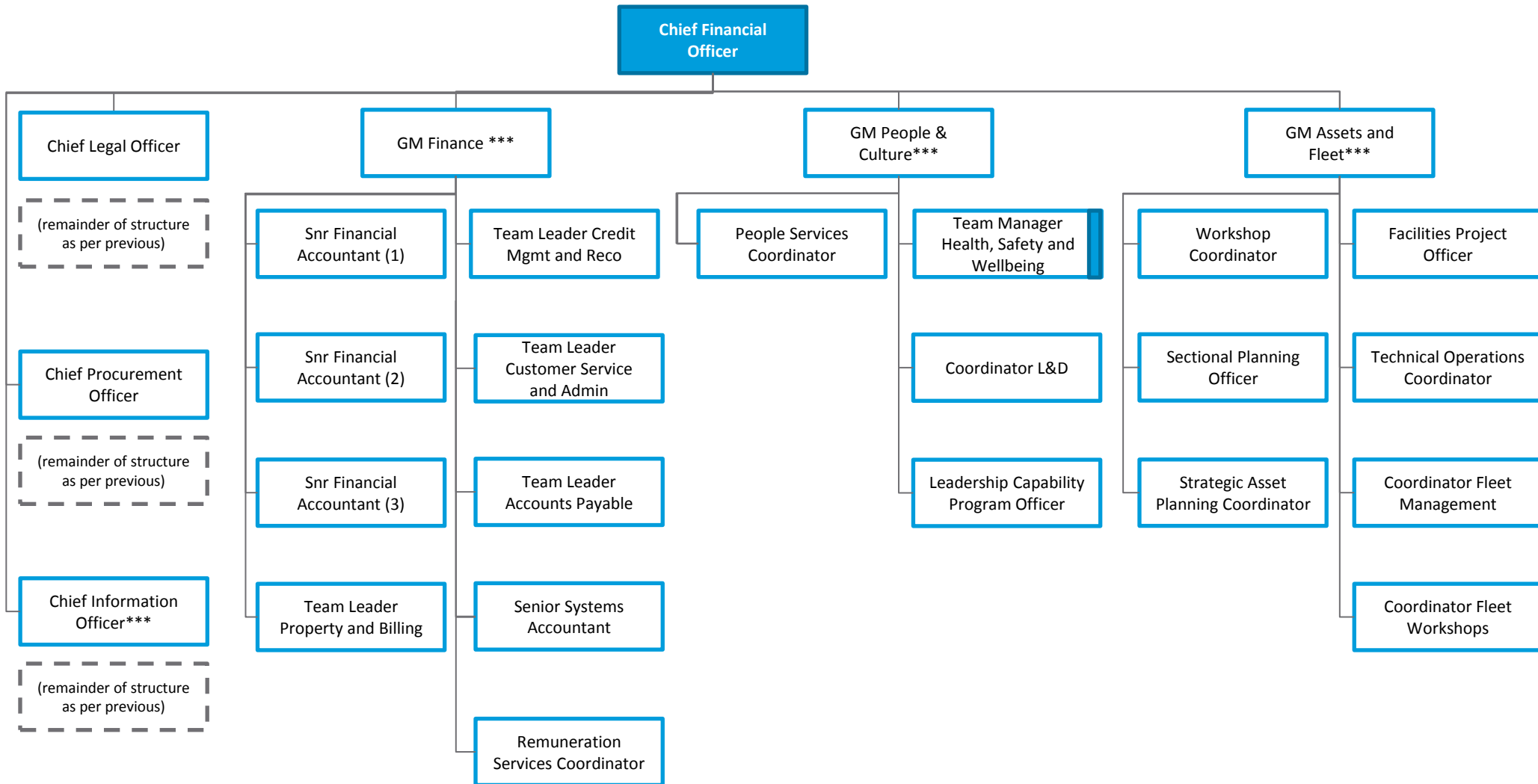
\*\* 10 Consultant positions are not included in the organisational structure at this time .

\*\*\* Departmental structure to be reviewed.

Note: Coloured bar in structure chart indicates Team Manager position

# The CFO will integrate across all corporate support functions

## Proposed org. structure– CFO Division



\*\*\* Departmental structure to be reviewed.

Note: Coloured bar in structure chart indicates Team Manager position



# Recommended structure achieves approx. \$5m in savings\*

Summary of management roles, spans of control and associated costs

Division	Directors		General Managers		Team Managers	Total management	
	No. of roles	Avg. SOC	No. of roles	Avg. SOC	No. of roles	No. of roles	Salary costs of roles
Infrastructure and operations	1	3	3	5.33	13	17	\$2,213,201
Planning and Community Engagement	1	6	6	6.17	6	13	\$1,667,232
Chief Financial Officer	1	6	6	5.83	3	10	\$1,394,015
<b>Council Total**</b>	<b>3</b>	<b>4.66</b>	<b>15</b>	<b>5.87</b>	<b>22****</b>	<b>41**</b>	<b>\$5,410,466***</b>

\* Total savings are estimated values

\*\*Total includes Internal Audit position reporting to CEO. Excludes CEO

\*\*\*This figure excludes superannuation. Including superannuation (assumed at 9.5%) this represents estimated reduction in staff costs of \$4,925,957.

\*\*\*\*Note two team manager positions in the 'Chief Information Officer' function will be temporary appointments at this stage.

Note: Not all position savings are represented in structure diagrams.

# The structure demonstrates improvement against all criteria

## *Assessment of recommended structure against design principles*

N.	Principle	Current	Option 1	Proposed changes
1.	<b>Strategy driven</b>	Moderate	Strong	<ul style="list-style-type: none"> <li>Major strategic priorities are prominent and better supported in the top level structure</li> <li>Significant consolidation means that some enabling functions supporting strategic priorities sit lower in the organisational design</li> </ul>
2.	<b>Customer focus</b>	Weak	Moderate	<ul style="list-style-type: none"> <li>Customer and community engagement related functions have been consolidated in a single division</li> </ul>
3.	<b>Right people and capability</b>	Moderate	Strong	<ul style="list-style-type: none"> <li>Structure creates a smaller core strategic and tactical leaders to guide the organisation</li> </ul>
4.	<b>Practical and affordable</b>	Weak	Moderate	<ul style="list-style-type: none"> <li>The structure reduces the number of Directors by 2 and middle managers by 19 (with a further 22 re-classified to Team Manager positions), for a total associated salary costs estimated saving of approximately \$5m.</li> </ul>
5.	<b>Aligned skill areas</b>	Moderate	Strong	<ul style="list-style-type: none"> <li>Critical professional and technical skills and capabilities have been consolidated into like functions</li> </ul>
6.	<b>Integrated internal services/ Coordinated delivery</b>	Weak	Moderate	<ul style="list-style-type: none"> <li>Consolidation of divisions means that end-to-end processes rest within single divisions.</li> <li>Combination of major asset management and operations in Infrastructure and Operations may provide governance challenges</li> </ul>
7.	<b>Remove duplication/ Flat organisation</b>	Weak	Strong	<ul style="list-style-type: none"> <li>The Executive Manager and Manager levels have been consolidated into one level, General Manager, allowing for a 5 level organisational structure</li> <li>The management contributions of levels 2, 3 and 4 have been defined and differentiated</li> </ul>
8.	<b>Clear accountabilities</b>	Weak	Strong	<ul style="list-style-type: none"> <li>Spans of control have been increased in line with flattening of the hierarchy</li> <li>Size of divisions may create internal hand-over confusion and overshadow less prominent functions</li> </ul>
9.	<b>Enables flexibility</b>	Moderate	Strong	<ul style="list-style-type: none"> <li>Broader divisions should be more able to accommodate lateral reallocation of functions.</li> <li>Increases in volume may impact ability of leaders to oversee their portfolios</li> </ul>

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# Council should manage and monitor implementation across whole of Council

## Overview of general principles for implementation

Given the scale of change recommended for TCC, Nous recommends that consideration be given to a sophisticated approach to implementation, change management and risk mitigation.

This section provides Nous' recommendations on the following aspects of implementation:

- **Change management and benefits realisation**, proposing high-level principles for change management and a complementary approach to benefits realisation.
- **Risk management**, highlighting likely risks that will be faced by TCC throughout the implementation process and potential mitigation strategies.

# A planned and deliberate approach to change management is an important foundation for TCC's improvement activities

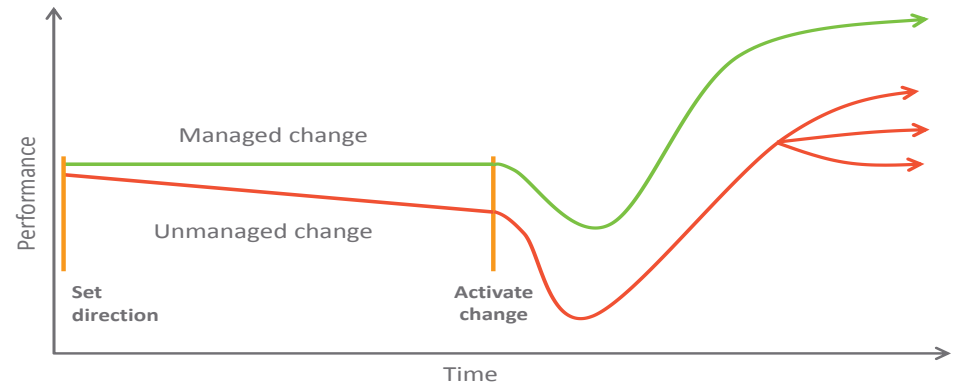
## Change management and benefits realisation

All change involves some dip in productivity as people learn and adjust to the changed ways of working. Well managed change minimises this dip and more quickly results in performance improvement. Unmanaged change can lead to a dip in performance even before the change is activated.

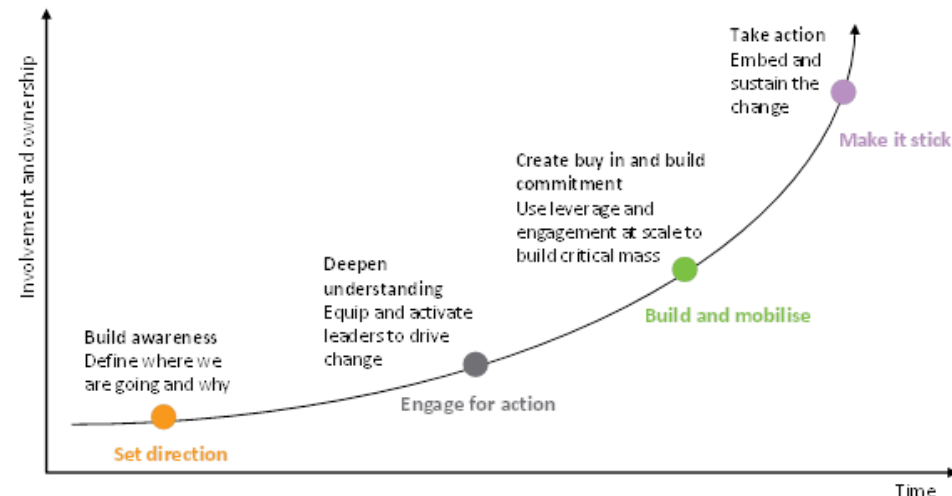
Given the potential degree of change faced by TCC, the organisation will almost certainly experience a productivity dip, which may verge on change resistance or interference in places.

An early priority of the Council should be the development of a robust framework, maps the journey of change, and builds employee buy-in. This should include:

- Clear scheduling and staging of implementation activities.
- A thorough communication plan that builds connection to the outcome of change.
- A robust approach to benefits realisation.



**Governance and program management**



**Implementation plan**

**Communication plan**

# A robust benefits realisation approach is crucial to delivering TCC's anticipated improvements

## Change management and benefits realisation

Delivering the anticipated value from the individual improvement projects will require an active focus on benefits realisation throughout the change process. Identifying, measuring, tracking and reporting on benefits are fundamental activities in successful programs. While benefits realisation management needs to be rigorous, it should not be overly complex. The simpler the process, the more transparent it is to all stakeholders.

Council should establish processes for benefits management . This will include identification of:

- Overall benefits expected
- Anticipated benefits by project
- Benefits realisation approach.

The approach to benefits realisation can be kept largely straightforward. A target should be determined for each project that demonstrates clear line of sight to both overall organisational improvement and specific project success measures. Benefits accrue from the point of implementation and can be demonstrated by comparing actual to target from that point.

Benefits should be measured monthly, by project and collectively, across four dimensions:

- Benefits realisation against baseline (such as expenditure, revenue, resident satisfaction and employee engagement)
- Program budget (target and actual)
- Program risks and issues for future benefits realisation
- Impacts on TCC's BAU operations.

# There are significant organisational risks for TCC to manage throughout this business reform and improvement process

## Risk management

Type	Risk	Likelihood	Impact	Mitigation
<b>Strategic</b>	Improvement gains are not achieved	Low	High	Design a strict benefits realisation monitoring and management framework. Through this, non-delivery will be identified early and can be mitigated quickly
<b>Operational</b>	Fail to deliver upon BAU and stakeholder expectations	Medium	Medium	Projects are scheduled such that impact on BAU and risk of distraction is minimised
<b>Financial</b>	Funding is not available for foundational investment in improvement projects.	Medium	High	Immediate priorities in staging are to reduce costs and increase organisational alignment. Requests for project funding should be considered and approved in light of ROI, with further investment contingent on achievement of anticipated benefits
<b>Culture and communications</b>	Employees are not engaged and do not own the proposed model	High	High	Change methodology will ensure that regular engagement and communications occur to mitigate this risk
	Delivery is undermined by opinion leaders within the organisation	High	High	Benefits realisation approach will ensure that non-delivery is identified early and can be mitigated by CEO and Directors (depending on level of issues). Change methodology will ensure that transformation success is highlighted and celebrated periodically to reduce negative opinions of change
<b>Workforce</b>	Productivity and energy decreases during the implementation period	High	High	Projects will be sequenced carefully to ensure no single area is over-burdened and that work is kept to 'manageable chunks'
	High performing employees leave the organisation	Medium	Medium	Broadening of structures should to promote sharing of skills and knowledge across TCC. This will reduce dependency on any one employee and decrease the impact of any one employees leaving

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  - a. Overview of review findings
  - b. Specific findings by organisational consideration
  - c. Improvement projects and recommendations
4. Review of management structure
  - a. Outline of approach
  - b. Assessment of current structure
  - c. Recommended management structure
5. General principles for implementation
6. Appendices



# Organisational review— Schedule of appendices

Townsville City Council

27 September 2016



nous group

# Contents

## Operating model review

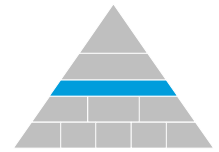
- A. Financial model
  - 1. Financial position
- B. Capability and capacity
  - 1. Overview of current state costs and FTE
  - 2. Overview of Corporate Services benchmarking data
  - 3. Overview of overtime and labour hire costs
  - 4. Ageing workforce
- C. Structure and governance
  - 1. Spans of control and management layers
- D. Business processes
  - 1. Customer call centre benchmarking
- E. Physical assets
  - 1. Asset utilisation

## Recommended structure

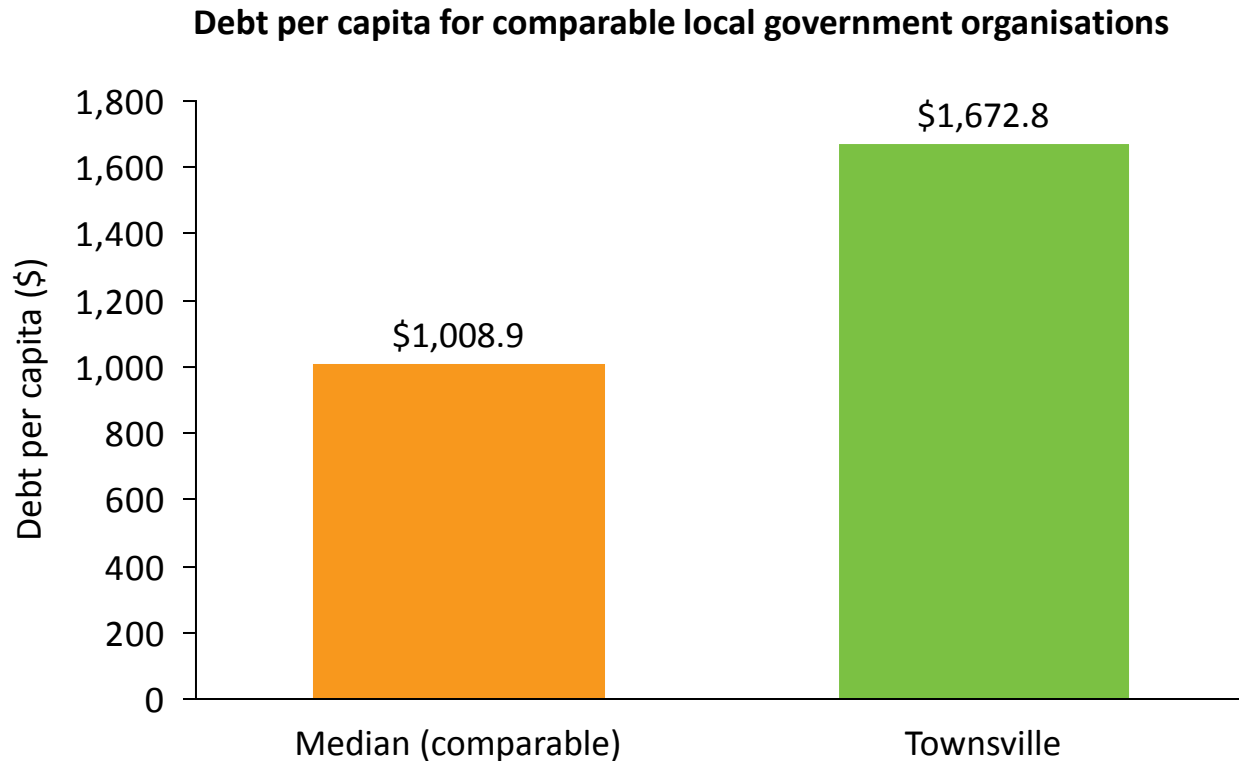
- E. Expectations by level for consolidate management layers
- F. Detailed current state structures

# Appendix A.1

## *Financial position*



TCC's debt per capita is highest amongst comparable organisations.



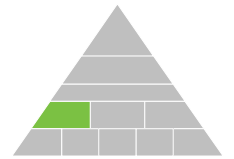
Source: LGAQ Benchmarking. FY2014/15 data

Note: 'Median (comparable)' value is based on LGAQ data for local government organisations with a population over 50,000.

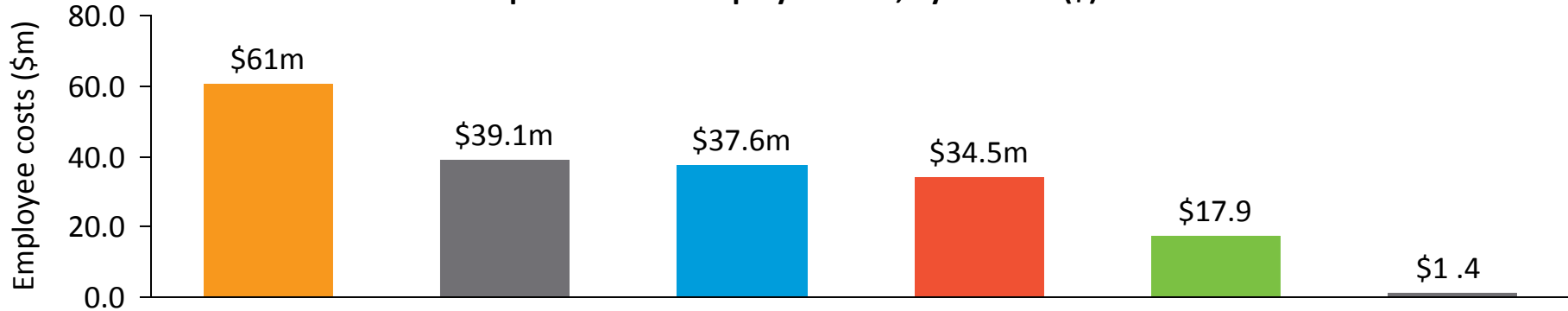
# Appendix B.1

## Overview of current state costs and FTE

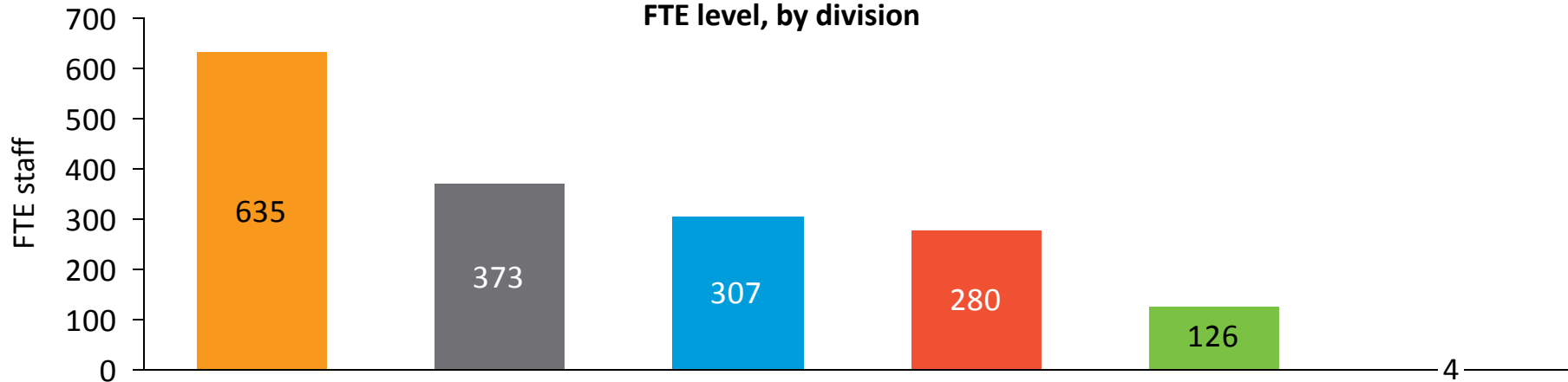
Staff are distributed across five divisions



Expenditure on employee costs, by division (\$)



FTE level, by division



Infrastructure services

Townsville Water & Waste

Corporate Services

Community & Environment

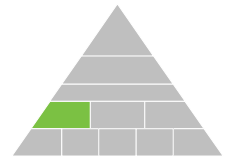
Planning and Development

Executive office

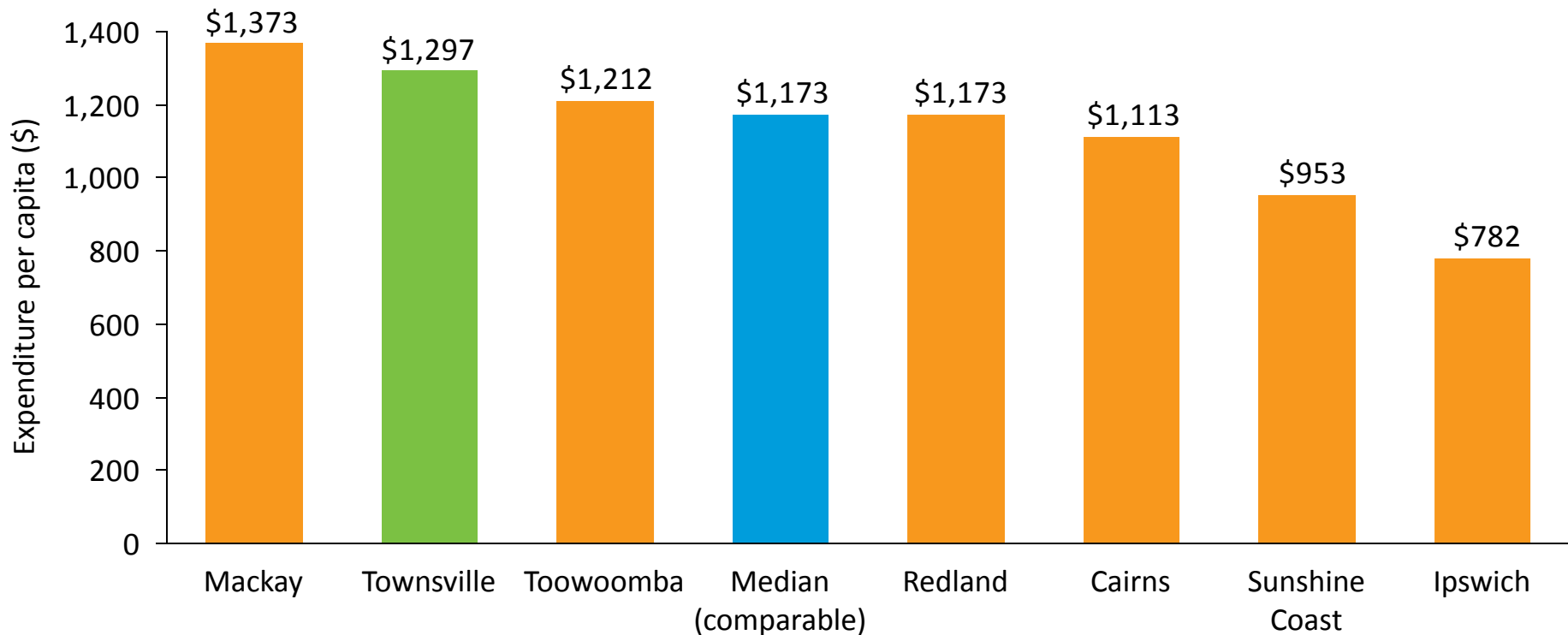
# Appendix B.1

## Overview of current state costs and FTE

Operating expenditure is higher than most other comparable LGAs



Operating expenditure per capita for comparable local government organisations

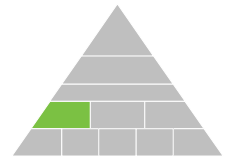


Source: LGAQ Benchmarking. FY2014/15 data

Note: 'Median (comparable)' value is based on LGAQ data for local government organisations with a population over 50,000.

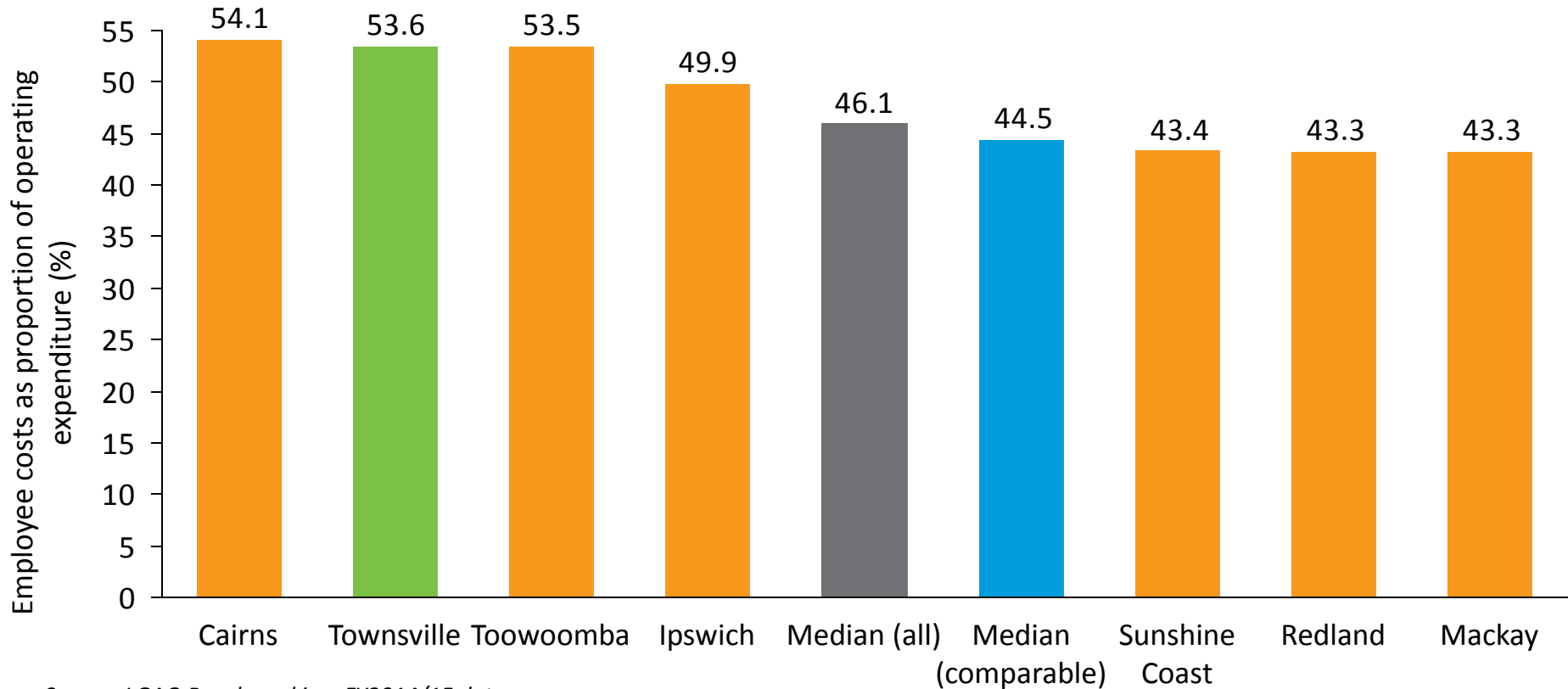
# Appendix B.1

## Overview of current state costs and FTE



Employee costs as a proportion of total operating costs is also high

Employee costs as a proportion of operating expenditure for comparable local government organisations

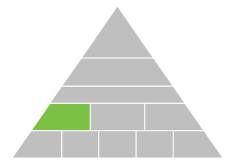


Source: LGAQ Benchmarking. FY2014/15 data

Note: 'Median (comparable)' value is based on LGAQ data for local government organisations with a population over 50,000. 'Median' is for all Queensland Local Government organisations.

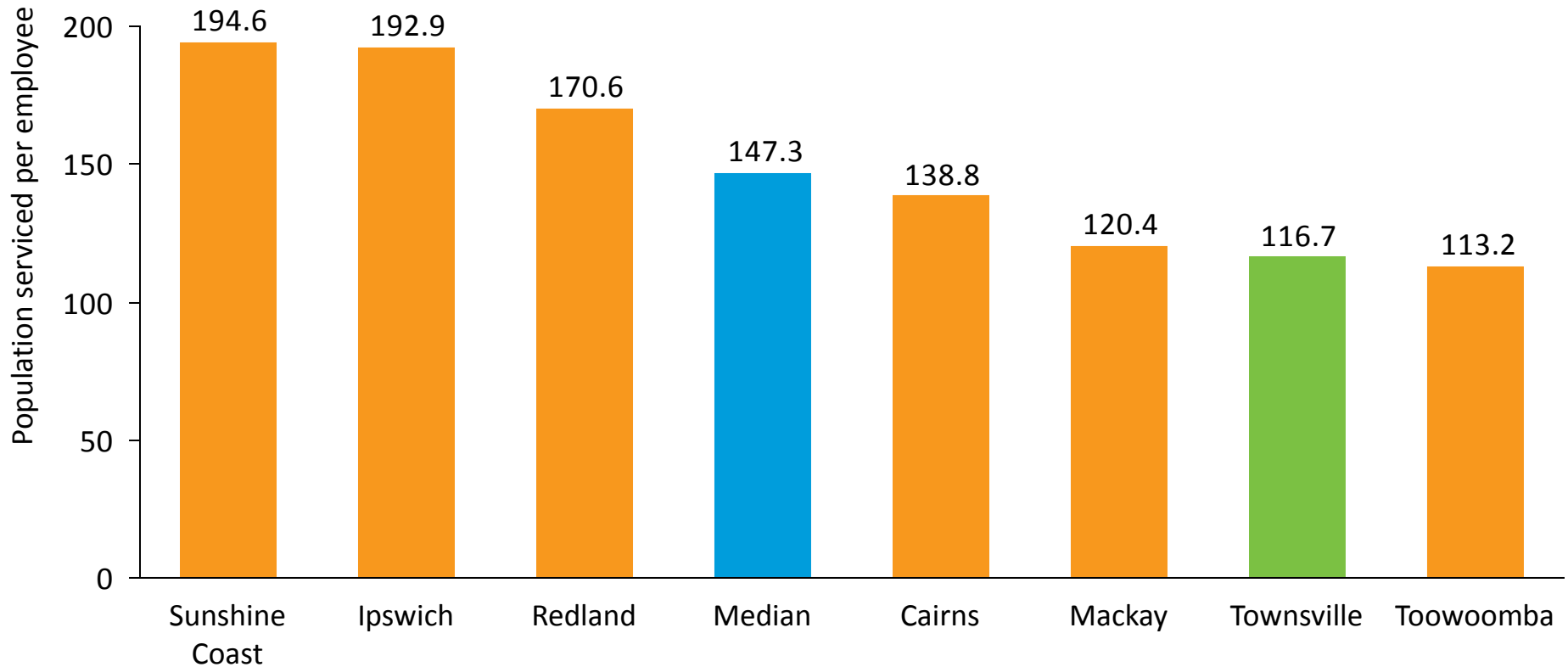
# Appendix B.1

## Overview of current state costs and FTE



TCC has a high level of staff for the size of the population it services

Population serviced per employee comparable local government organisations



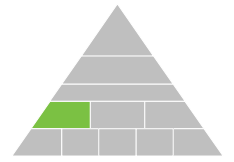
Source: LGAQ Benchmarking. FY2014/15 data

Note: 'Median' value is based on LGAQ data for local government organisations with a population over 50,000.

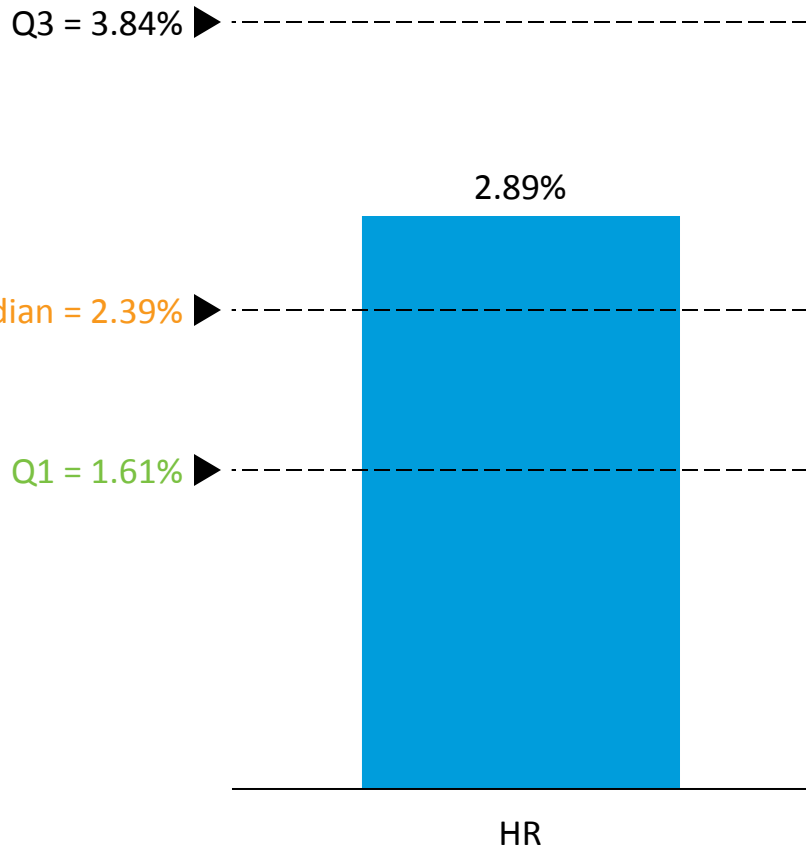
# Appendix B.2

## Overview of corporate services benchmarking data

HR FTE levels are higher than three-quarters of other organisations of similar size based on benchmarks



HR function (as % of total FTE)

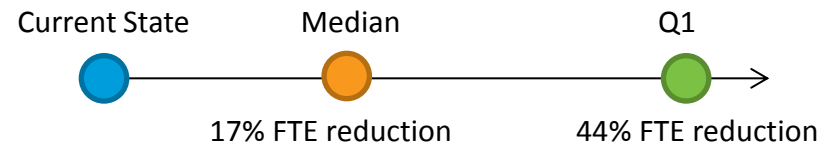


### Median Target

Current TCC HR FTE: 49.8  
FTE required (to achieve median): 41.2  
FTE reduction (to achieve median): 8.6

### Q1 Target

Current TCC HR FTE: 49.8  
FTE required (to achieve Q1): 27.8  
FTE reduction (to achieve Q1): 22.1



Benchmarks based on Mercer Human Resources Effectiveness Monitor (2015) for similar-sized organisations (>1000 FTE)

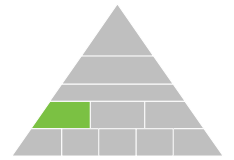
Mercer benchmarking adjusted to match TCC HR functions (incl. Payroll, Recruitment, Training, OH&S)



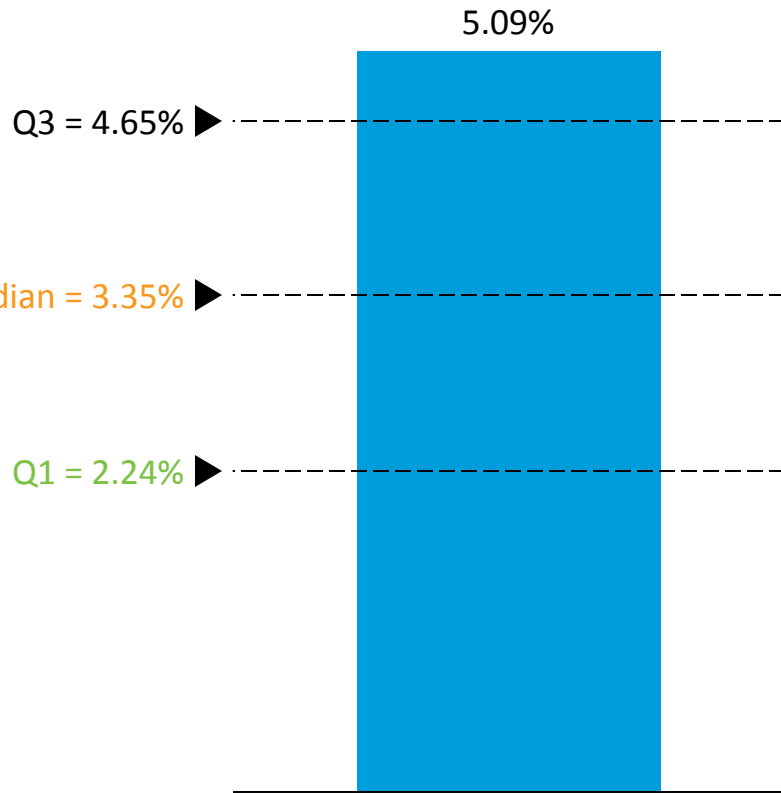
# Appendix B.2

## Overview of corporate services benchmarking data

Knowledge management FTE is significantly over resourced



IT function (as % of total FTE)

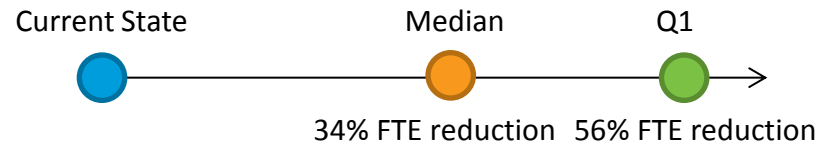


### Median Target

Current TCC IT FTE: 87.8  
FTE required (to achieve median): 57.8  
FTE reduction (to achieve median): 30

### Q1 Target

Current TCC IT FTE: 87.8  
FTE required (to achieve Q1): 38.6  
FTE reduction (to achieve Q1): 49.1

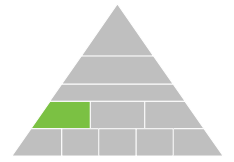


Benchmarks based on Mercer Human Resources Effectiveness Monitor (2015) for similar-sized organisations (>1000 FTE)

\*TCC Knowledge Management Department

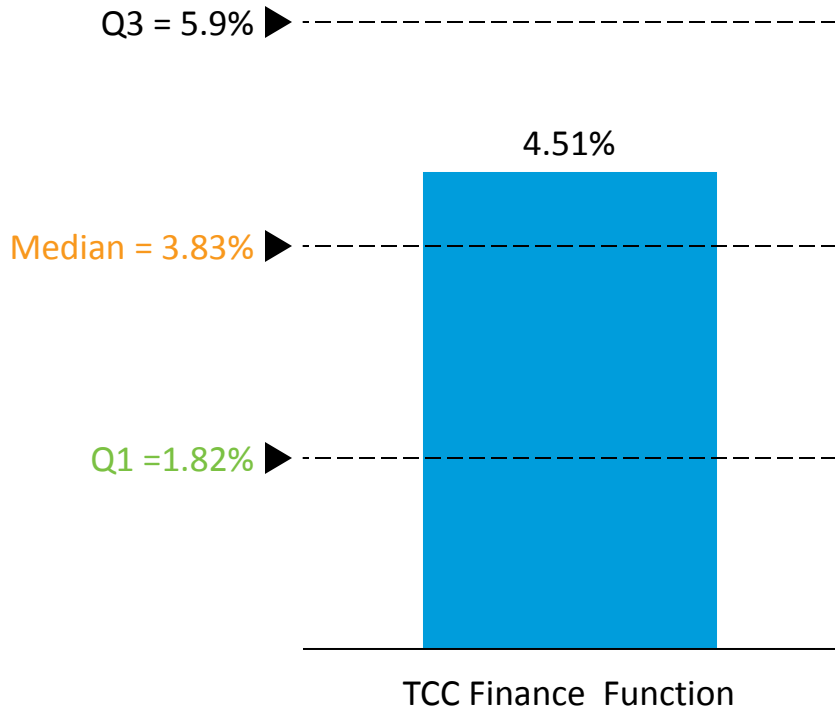
# Appendix B.2

## Overview of corporate services benchmarking data



The finance function is larger than those of similar sized organisations

### Finance function (as % of total FTE)

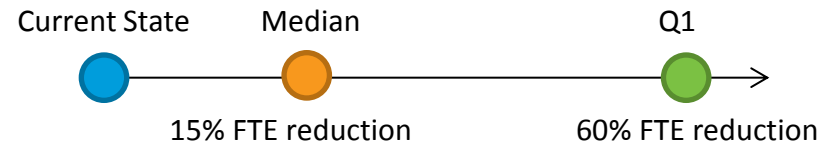


#### Median Target

Current TCC Finance FTE: 77.9  
FTE required (to achieve median): 66.1  
FTE reduction (to achieve median): 11.8

#### Q1 Target

Current TCC Finance FTE: 77.9  
FTE required (to achieve Q1): 31.4  
FTE reduction (to achieve Q1): 46.5

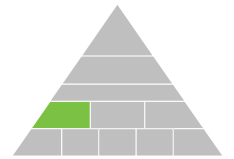


Benchmarks based on Mercer Human Resources Effectiveness Monitor (2015) for similar-sized organisations (>1000 FTE)

# Appendix B.2

## Overview of corporate services benchmarking data

There are significant opportunities to streamline and reform Corporate Services to a Business Partner model



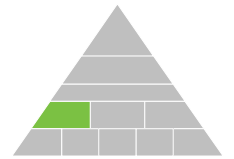
Target	Changes	Finance	HR	IT
Median	FTE Reduction (#) – Median	11.8	8.6	30.0
	FTE Reduction (%) – Median	15%	17%	34%
	Cost reduction* - Median	\$1,294,456	\$1,196,351	\$2,247,218
Q1	FTE Reduction (#) – Q1	46.5	22.1	49.1
	FTE Reduction (%) – Q1	60%	44%	56%
	Cost reduction* – Q1	\$5,101,601	\$3,065,868	\$3,683,016

Benchmarks based on Mercer Human Resources Effectiveness Monitor (2015) for similar-sized organisations (>1000 FTE). \* Note: Excludes reduction in management costs outlined in Section 4. Calculated based on current average salary cost per FTE (excl. management) for each function.

# Appendix B.3

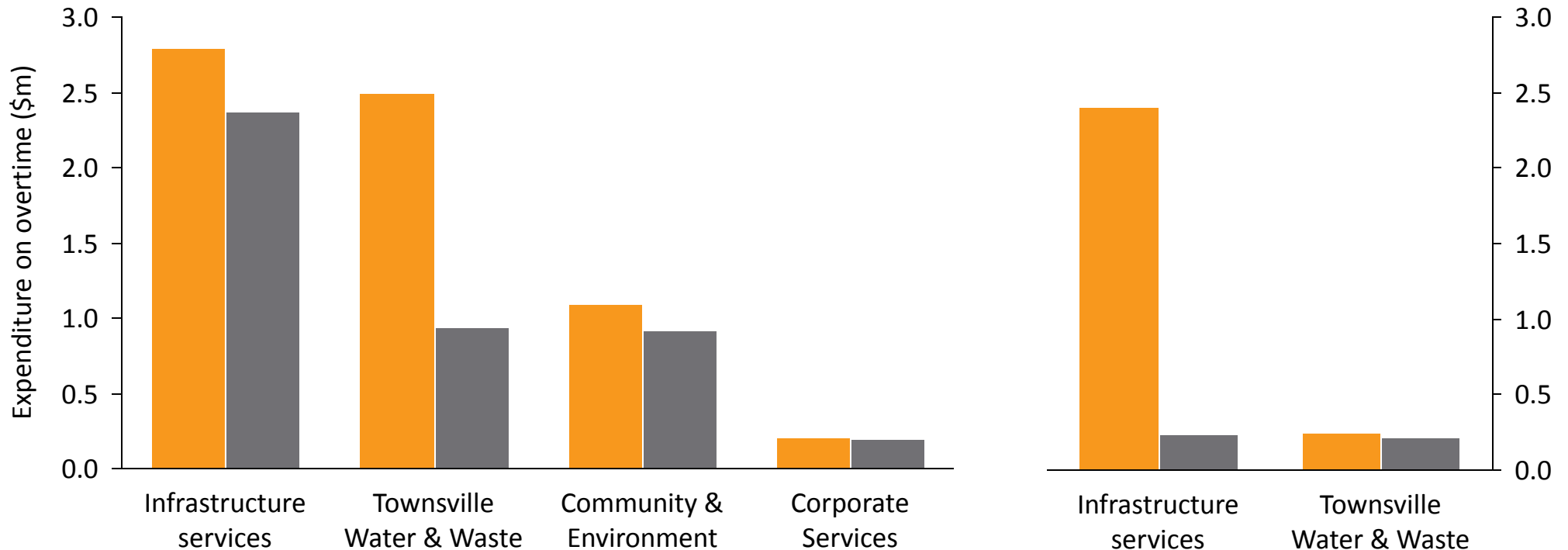
## Overview of overtime and labour hire costs

There is significant use of overtime— in particular in Infrastructure and Water and Waste



Operating overtime FY2015/16

Capital overtime FY2015/16

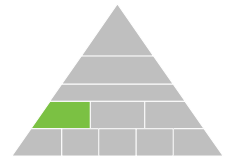


Note expenditure on operating overtime for Planning & Development is not included (\$10,428). Capital overtime for Corporate services, Planning & Development, and Community & Environment is also not shown (less than \$1000 total).

Actuals to June 2016 Adopted budget

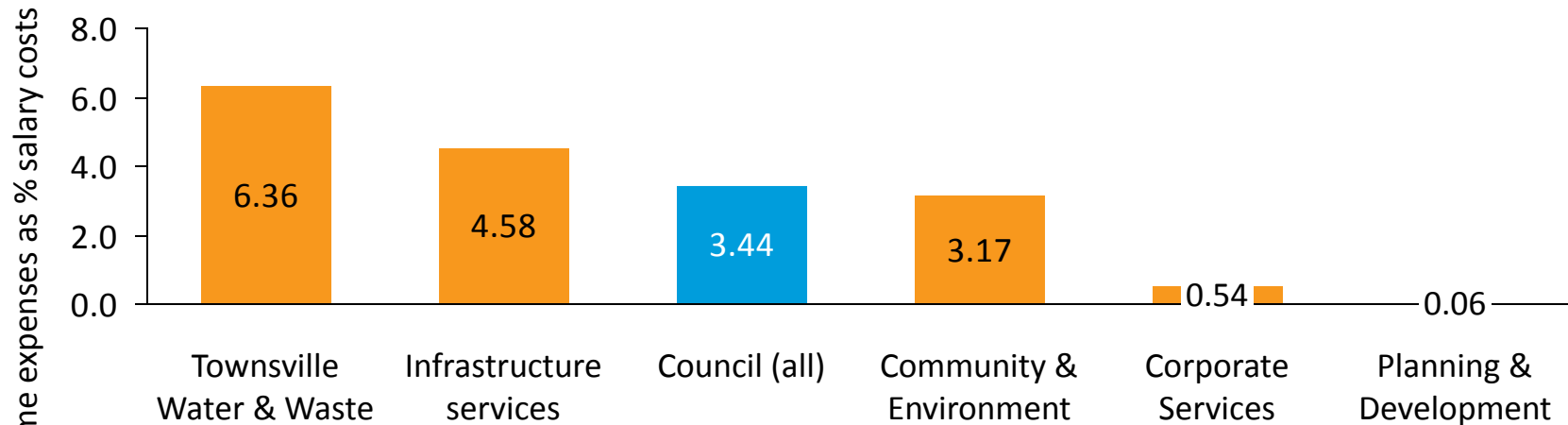
# Appendix B.3

## Overview of overtime and labour hire costs

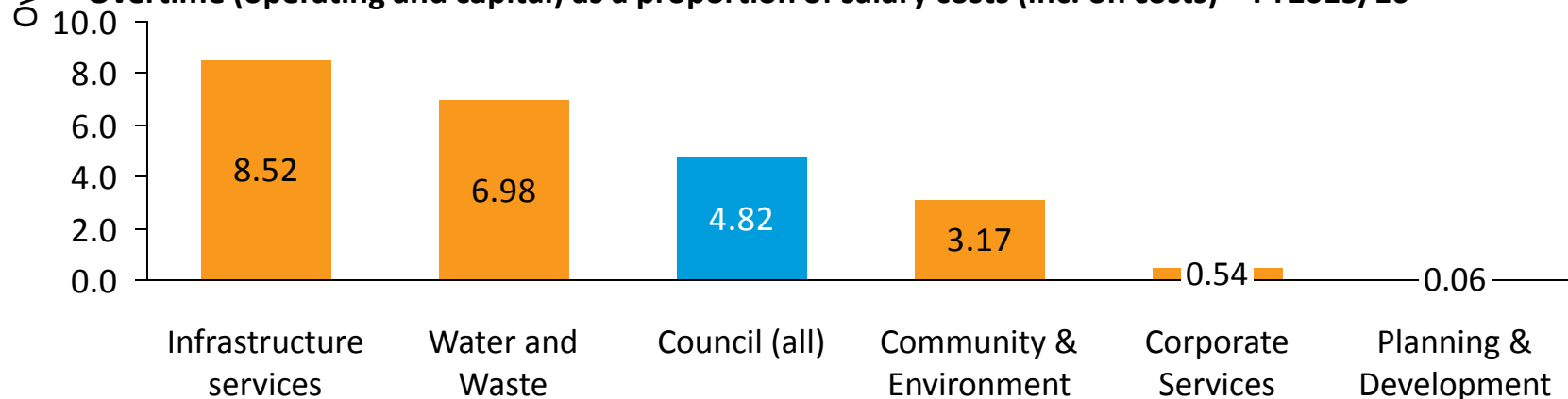


Overtime expenditure is almost five percent of employee salary costs

Operating overtime as a proportion of salary costs (inc. on costs) – FY2015/16



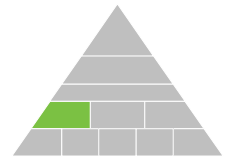
Overtime (operating and capital) as a proportion of salary costs (inc. on costs) – FY2015/16



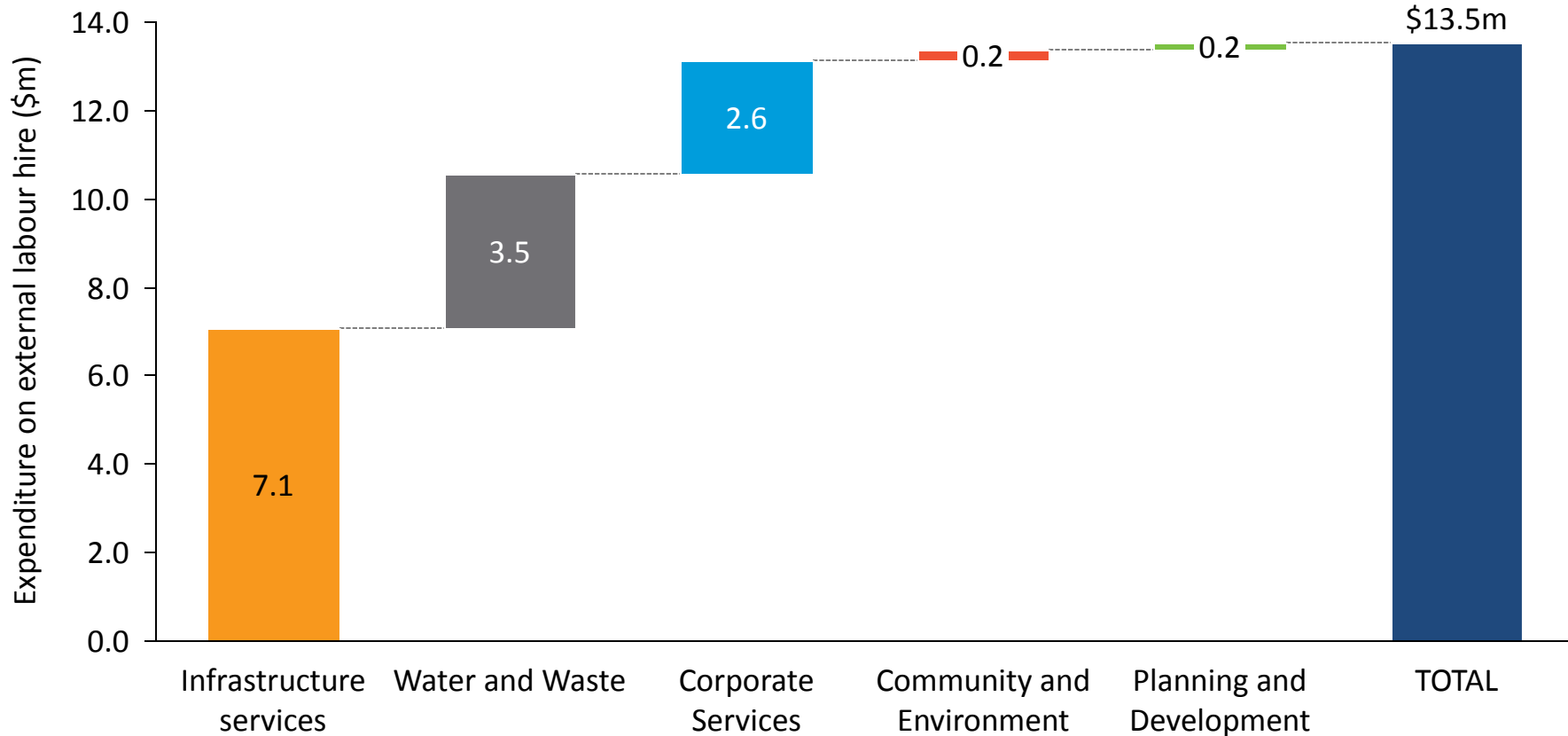
# Appendix B.3

## Overview of overtime and labour hire costs

Almost \$13.5 million was spent on labour hire in FY2015-16



Labour hire expenditure by division – FY2015/16

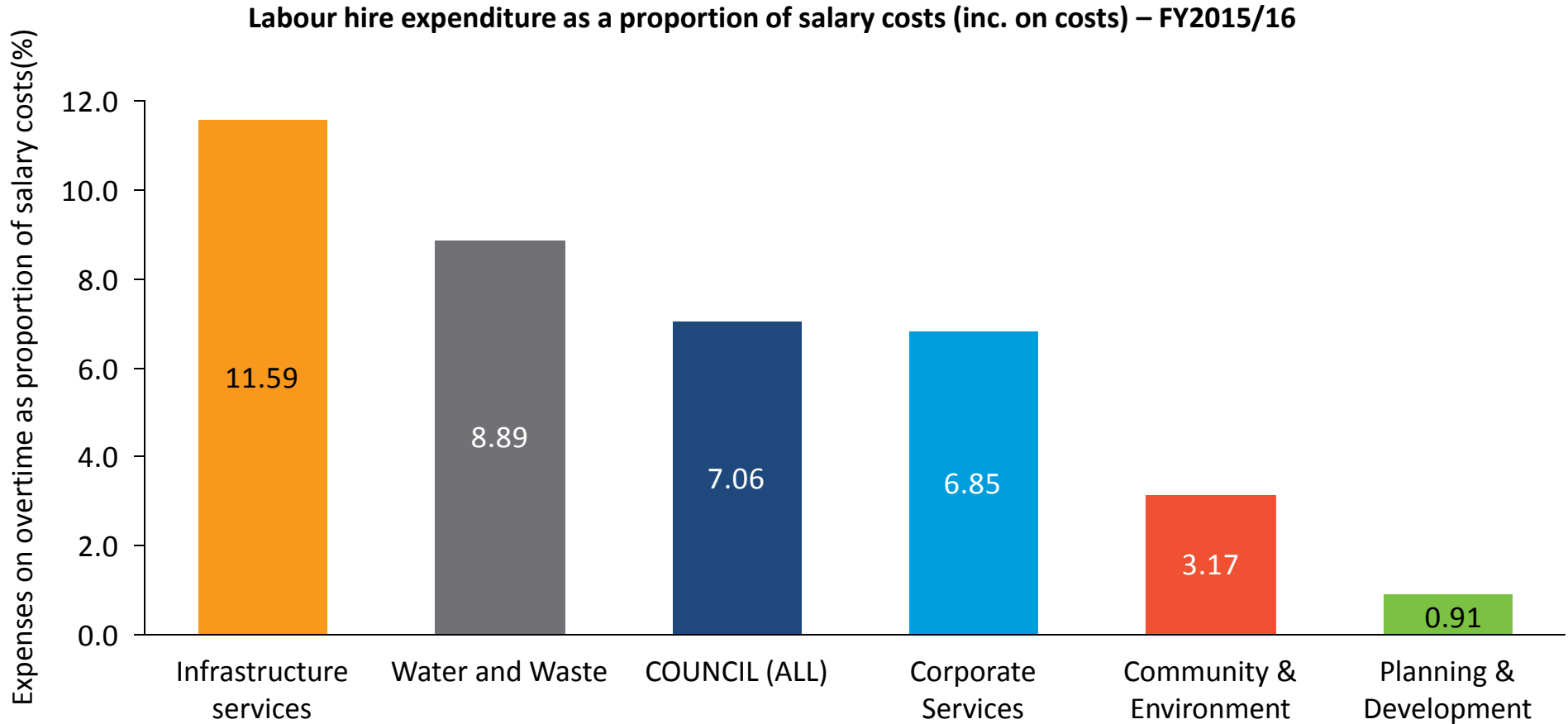
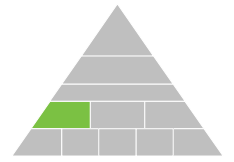


Source: TCC Financial and HR data

# Appendix B.3

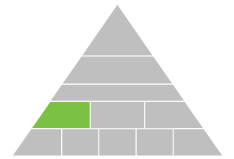
## Overview of overtime and labour hire costs

Labour hire makes up a significant portion of salary costs for TCC



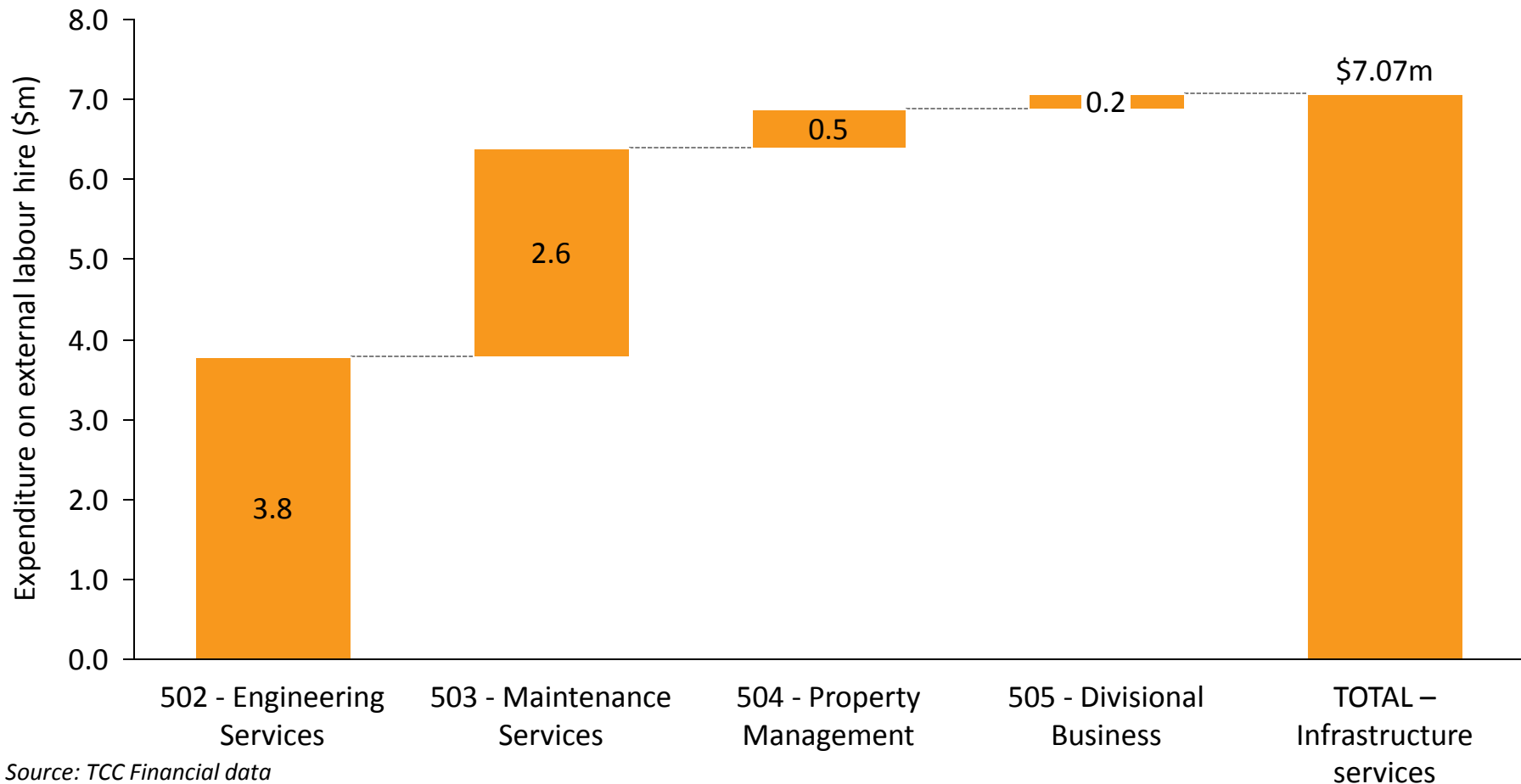
# Appendix B.3

## Overview of overtime and labour hire costs



Infrastructure services is the largest net user of labour hire in Council

Labour hire expenditure for Infrastructure Services Division – FY2015/16



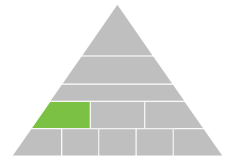
Source: TCC Financial data



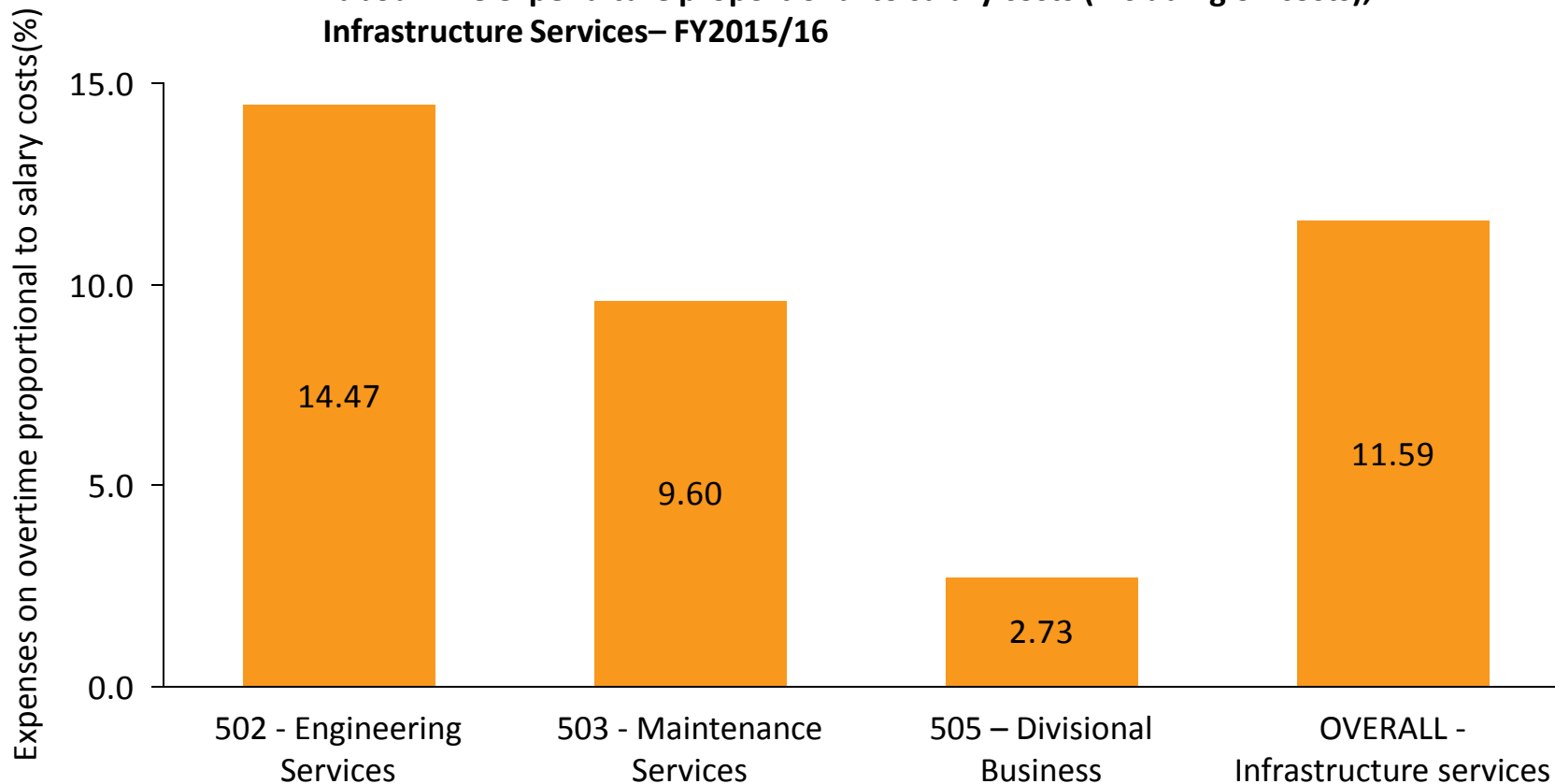
# Appendix B.3

## Overview of overtime and labour hire costs

Infrastructure services expenditure on labour hire is almost 12 per cent of what is spent on salary costs in the division



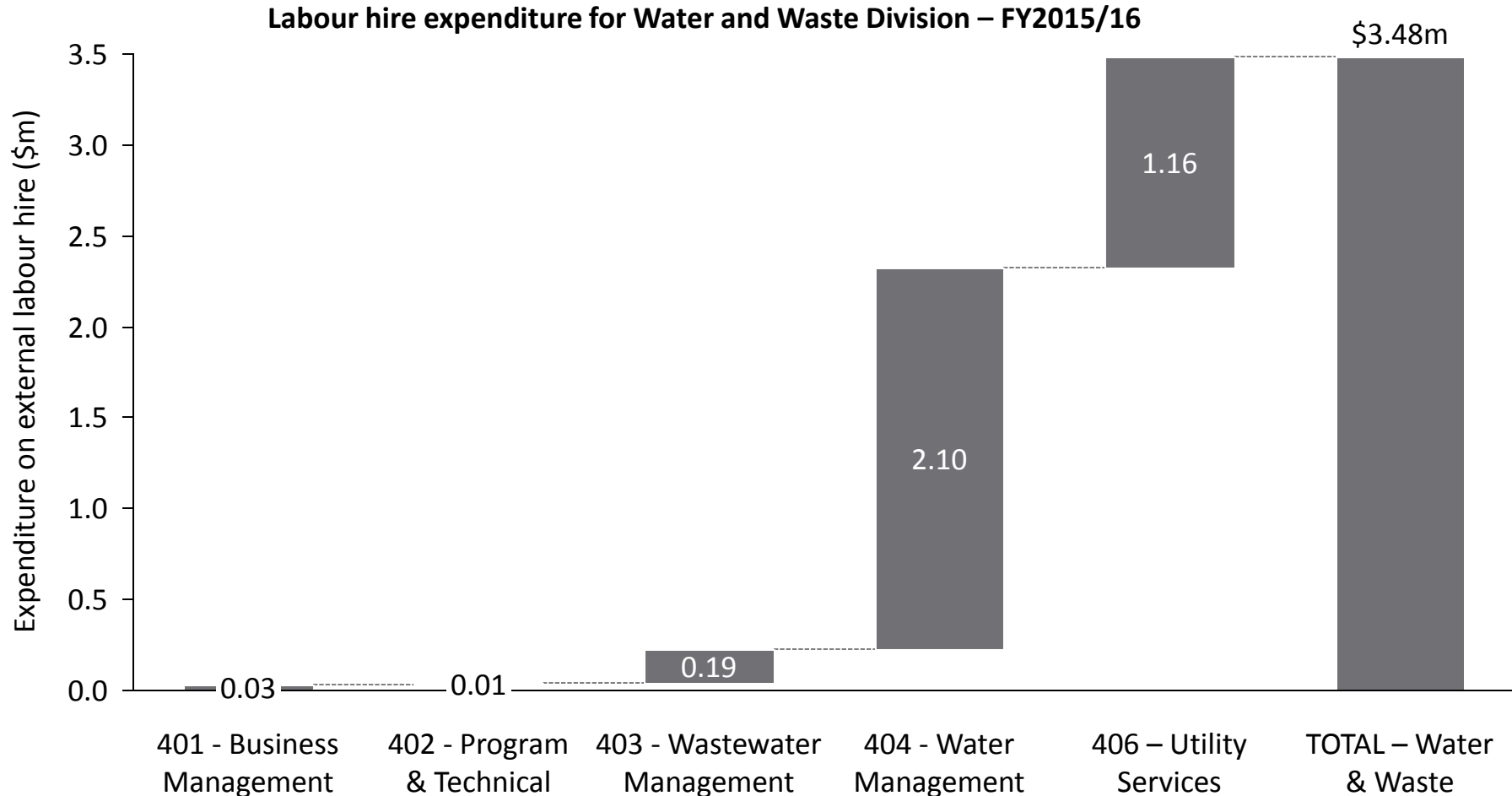
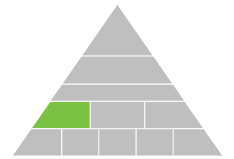
**Labour hire expenditure proportional to salary costs (including on costs),  
Infrastructure Services– FY2015/16**



# Appendix B.3

## Overview of overtime and labour hire costs

Water and Waste also uses significant levels of labour hire

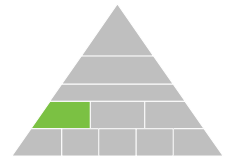


Source: TCC Financial data; Note divisional breakdown is not available as reporting categories do not align.

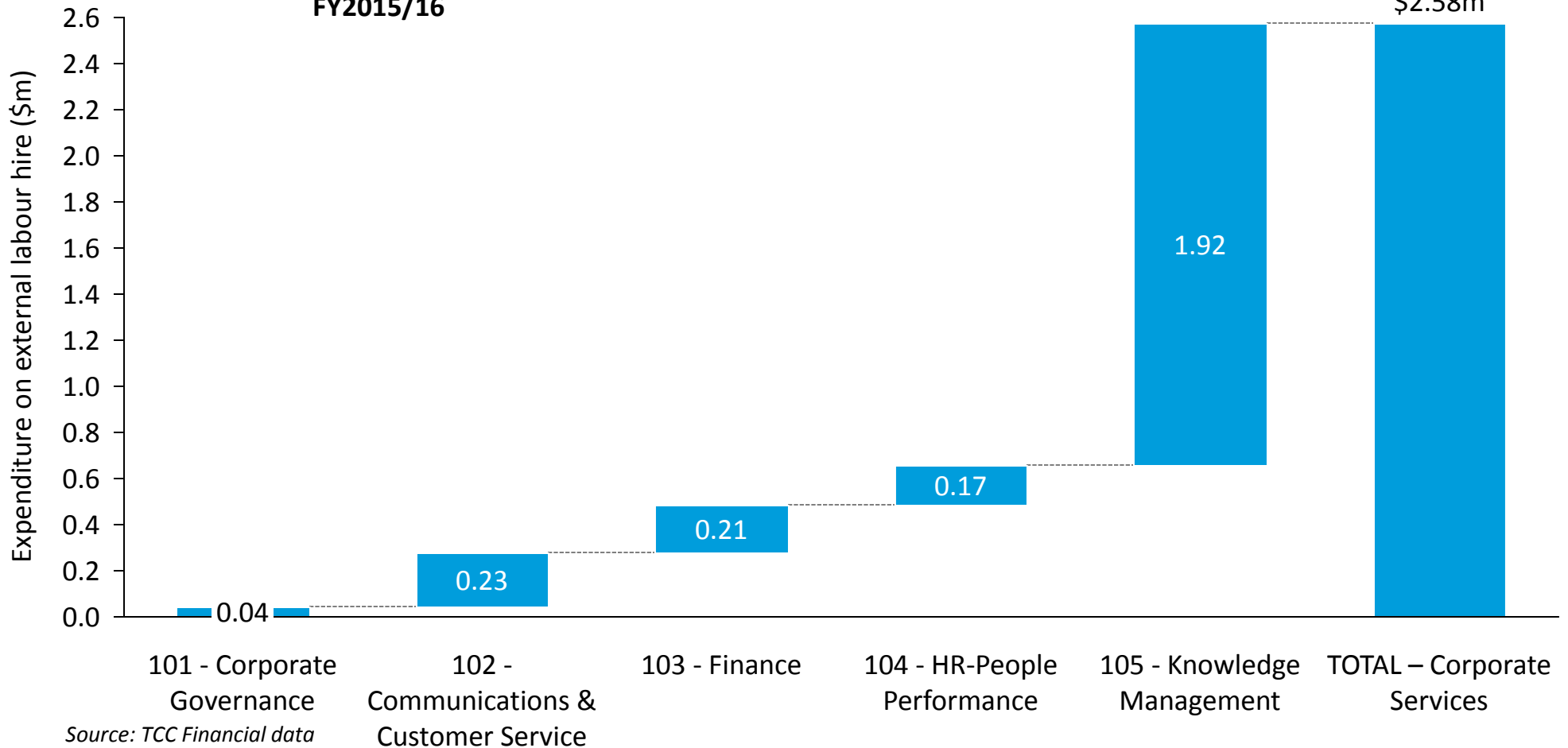
# Appendix B.3

## Overview of overtime and labour hire costs

Knowledge management spent almost \$2 million on labour hire in FY 2015-16



Labour hire (incl. consultancy) expenditure for Corporate Services Division – FY2015/16

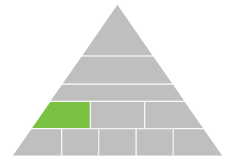


Source: TCC Financial data  
nousgroup.com

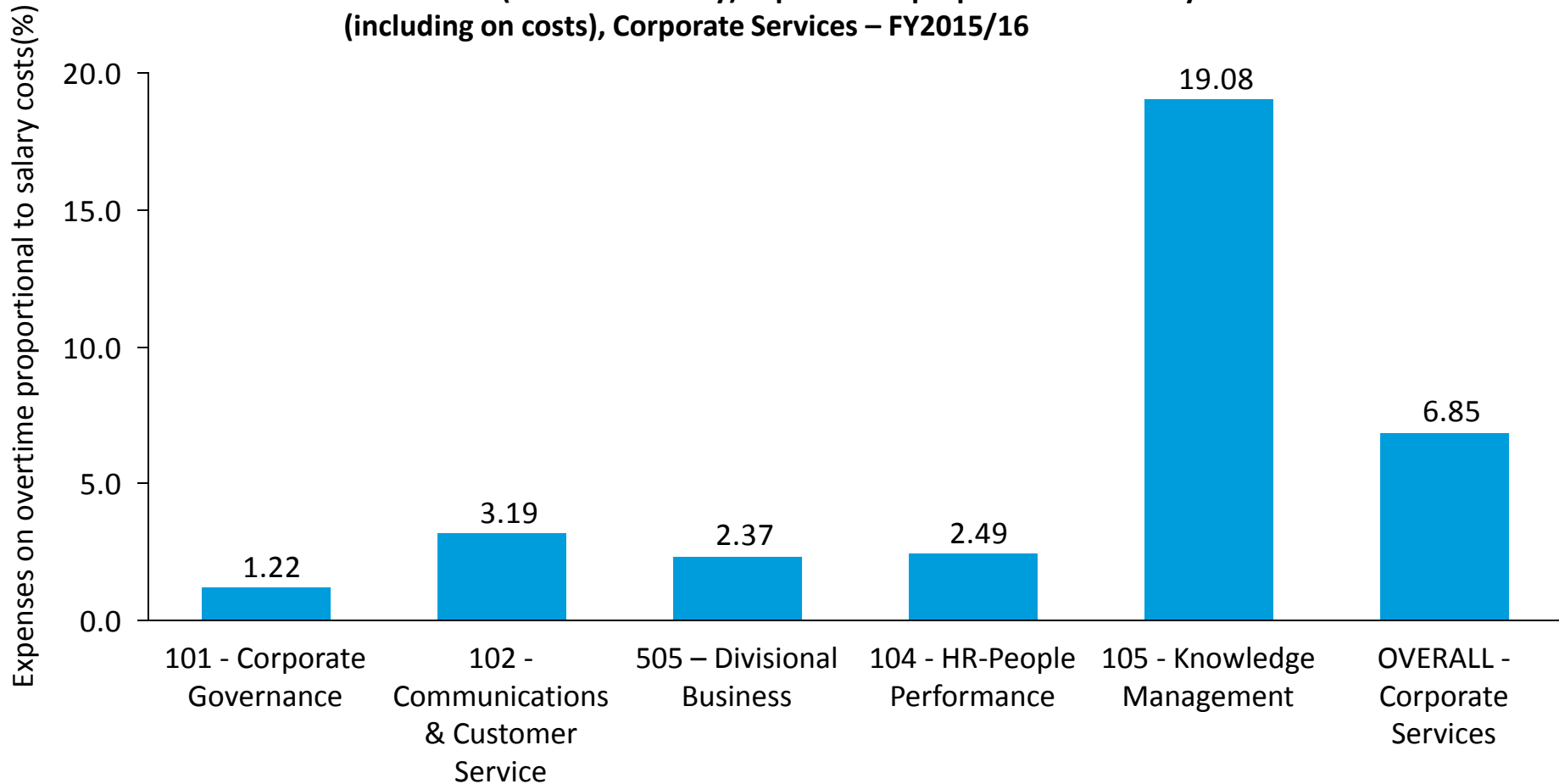
# Appendix B.3

## Overview of overtime and labour hire costs

A significant proportion of Knowledge Management staff expenditure goes toward labour hire



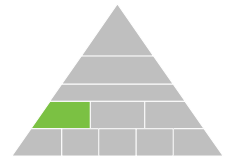
**Labour hire (incl. consultancy) expenditure proportional to salary costs (including on costs), Corporate Services – FY2015/16**



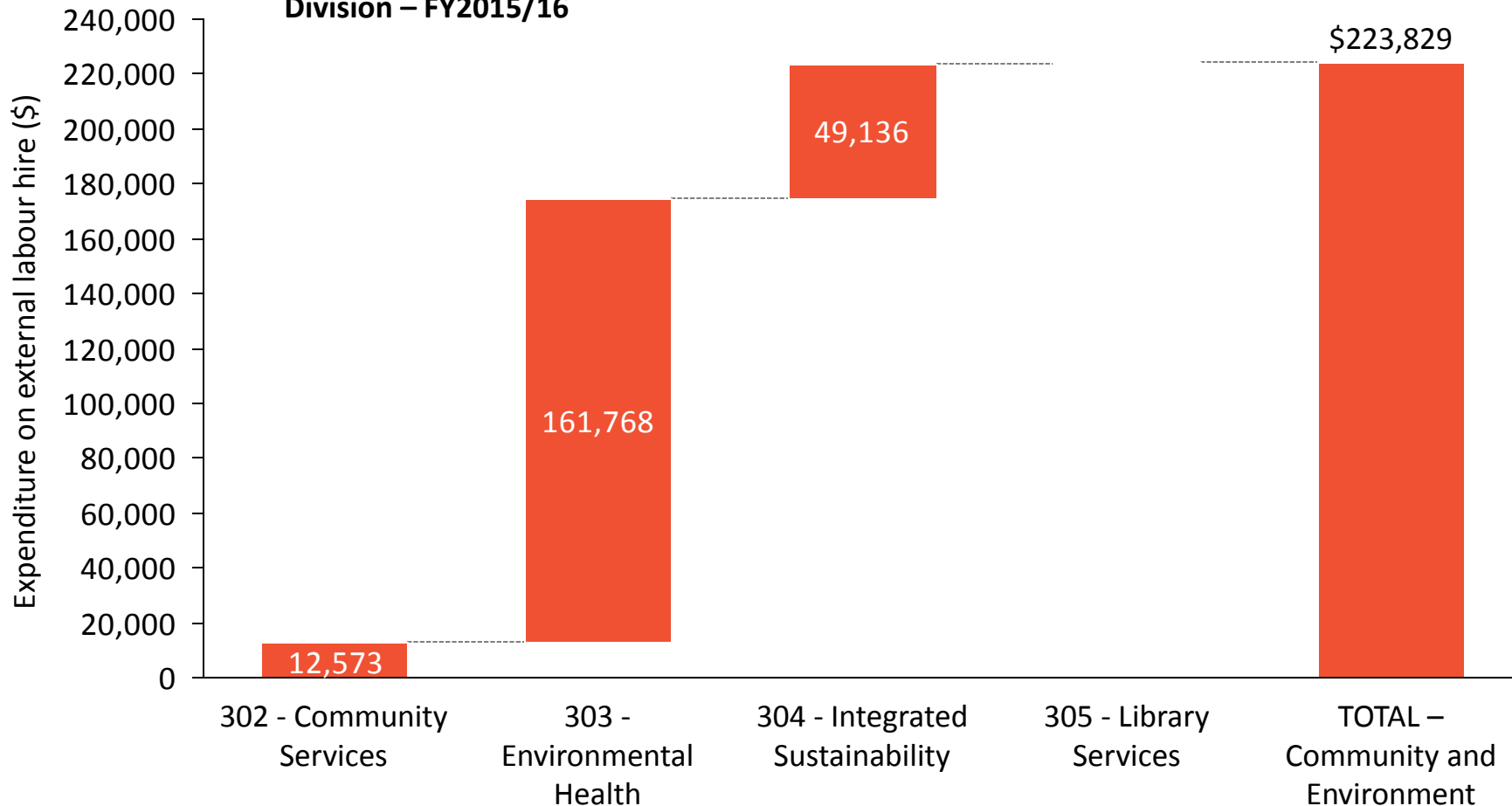
# Appendix B.3

## Overview of overtime and labour hire costs

Use of external labour hire in Community and Environment division is not significant



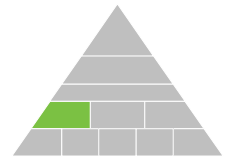
**Labour hire (incl. consultancy) expenditure for Community and Environment Division – FY2015/16**



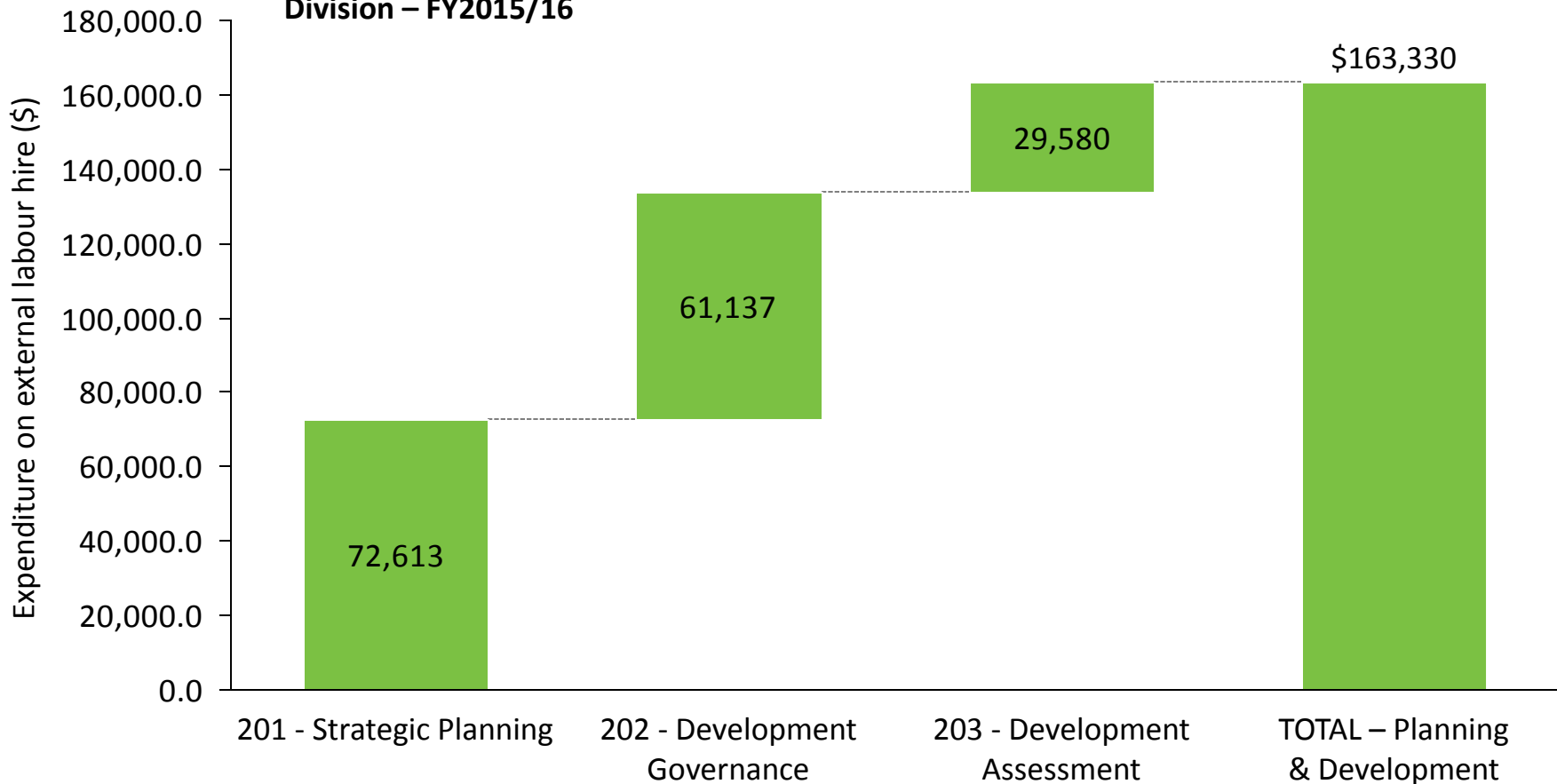
# Appendix B.3

## Overview of overtime and labour hire costs

Use of labour hire in Planning and Development is significantly lower than other divisions

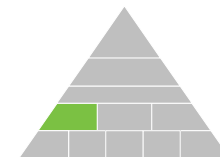


**Labour hire (incl. consultancy) expenditure for Planning and Development**  
**Division – FY2015/16**



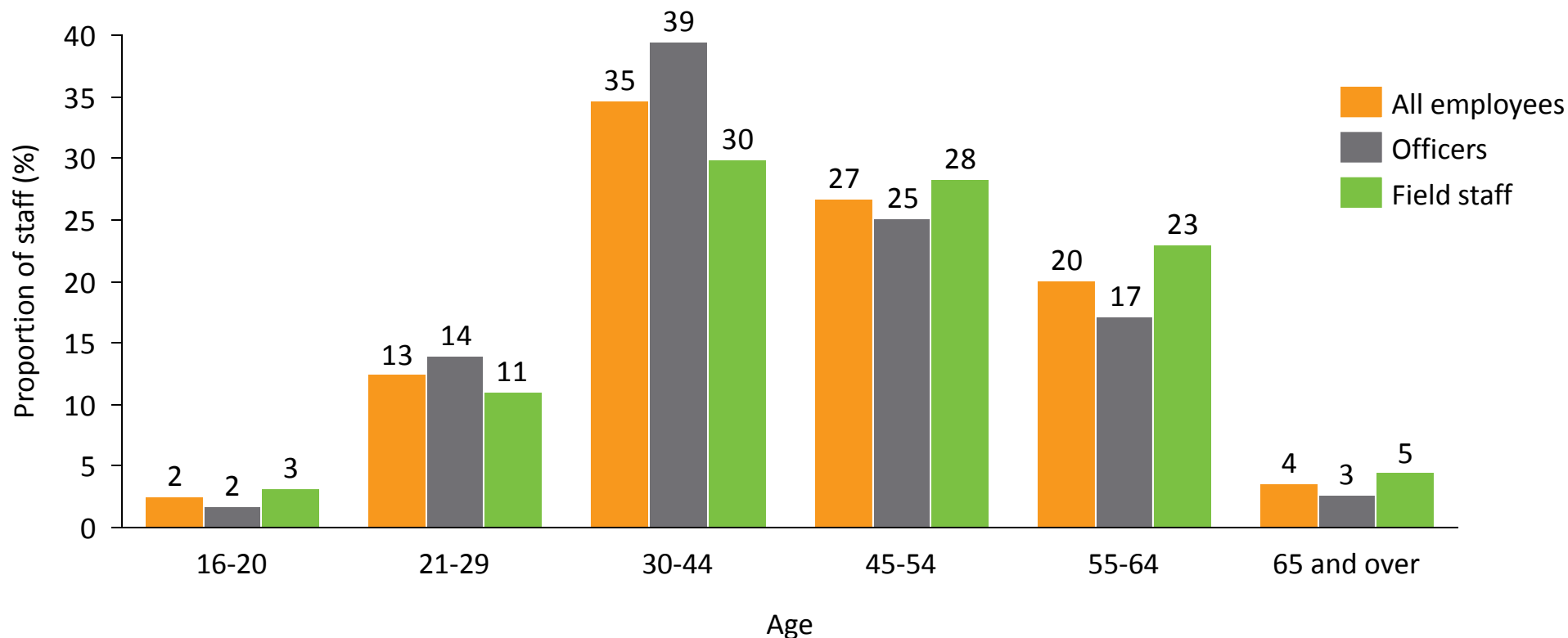
# Appendix B.4

## Ageing workforce



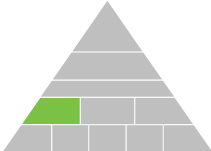
TCC has a senior workforce, especially with regards to 'Field Staff'

Workforce age by work type for FY2014/15

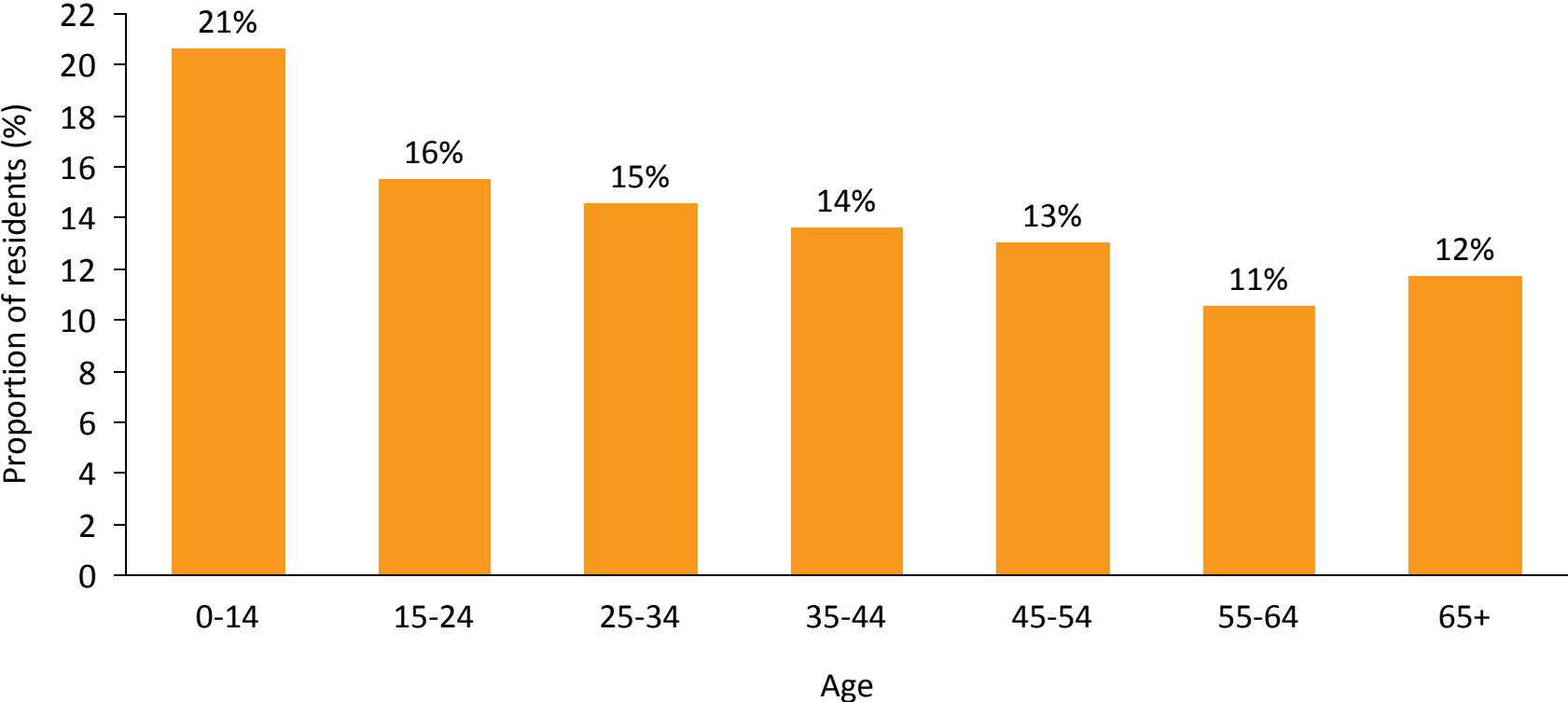


# Appendix B.4

## Townsville demographics



Townsville population, 2013



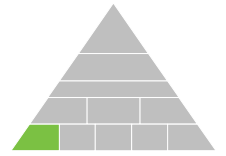
Source: TCC Maintenance Services Business Plan (2016-2019)



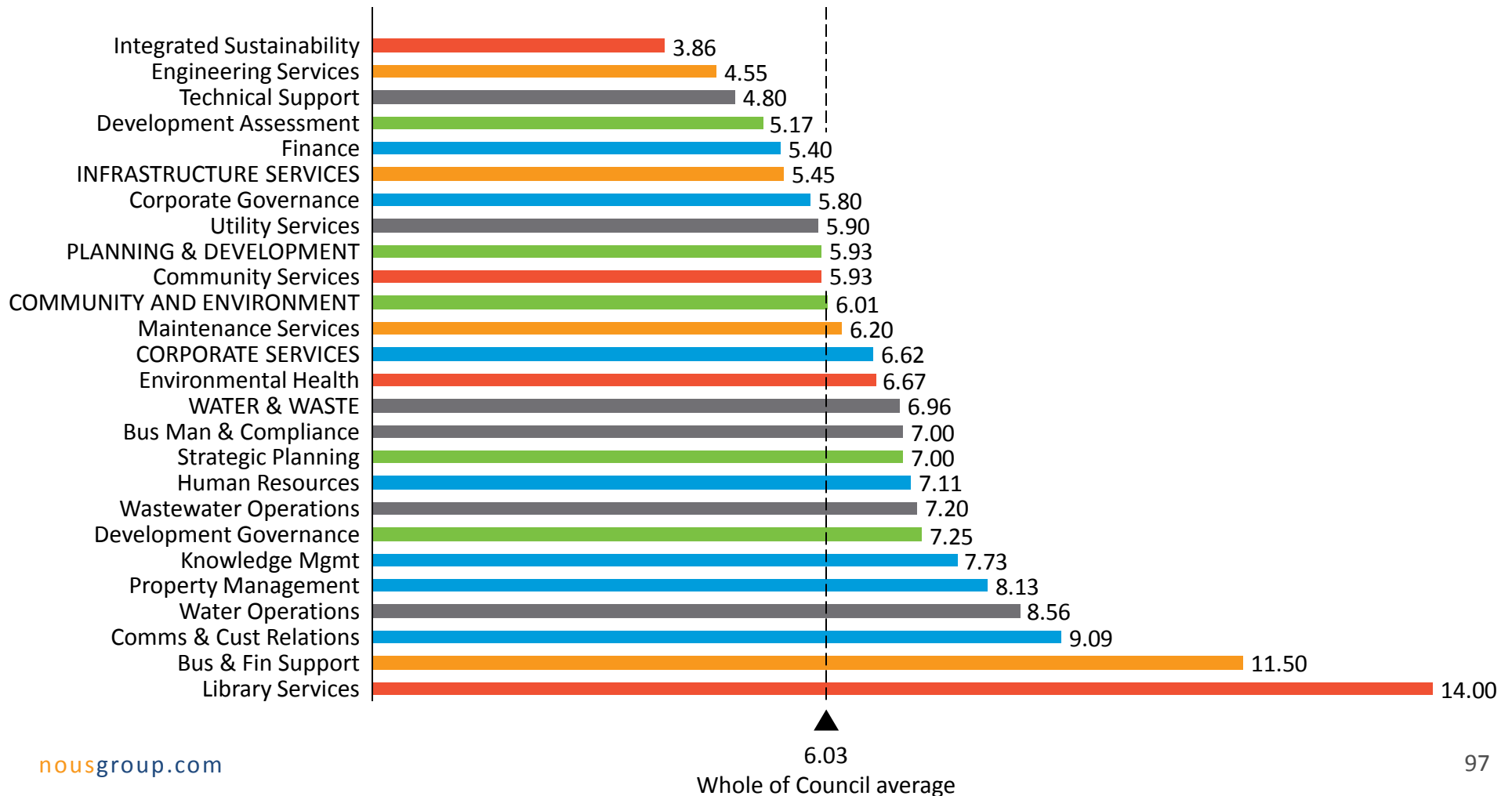
# Appendix C.1

## Spans of control and management layers

Spans of control for TCC is low, indicating excessive layers of management

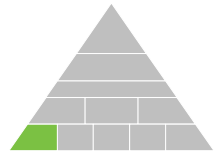


Spans of control for divisions and departments in current organisational structure



# Appendix C.1

## *Spans of control and management layers (cont.)*



There are several considerations for determining spans of control and management layers

**Spans of control** refers to the number of people directly reporting to each manager. **Management layers** refers to the number of layers in the organisation from the CEO downwards.

**A variety of factors influence the most effective span of control for an organisation, including:**

- Organisational size: Large organisations tend to have a narrow span of control, whereas smaller organisations often have a wider span of control.
- Complexity vs. standardisation (routineness) of work tasks: Complex work tasks generally have narrow spans of control (so manager can provide more individualised attention), whilst routine tasks allow for wider spans of control.

**Other factors to consider include:**

- Employee capability, which impacts the degree of skill, self-direction and motivation of staff
- Budget, which influences the number of managers that can be engaged in the organisation
- Proximity of staff and communications technology, which impacts the effectiveness of communication between managers and reports
- Organisational culture (e.g., flexible workplaces often have a wider span of control giving employees more autonomy in their work).
- Organisational/CEO life cycle and goals (e.g., steady state delivery vs. growth and innovation)

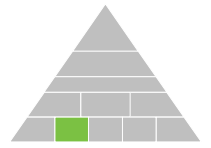
**For Townsville City Council, this review recommends:**

- Spans of control should be as wide as is practical
- There should be minimal layers of management, but with clear accountabilities
- Highly specialised / technical areas should aim to have narrower spans of control (e.g., 1:3-6), whilst highly transactional areas should have wider spans of control (e.g., 1:10-15+)

Source: Harvard Business Review, How many direct reports? (2012) Society for Human Resource Management, Span of Control: What factors should determine how many direct reports a manager has? (2013); Victorian Public Sector Commission, The right span of control (2015); APSC, Optimal Management Structures

# Appendix D.1

## Customer Call centre



Benchmarking data for customer call centre indicates staff per residents is high and weekly cases per staff member is low

	Canning	Cairns	Wagga	Townsville
Population	90,000	157,000	63,000	189,000
Cases per week	1,455	2,705	850	2,500
Cases per 1,000 residents per week	16	17	14	13
Total CCC and support FTE	13.5	20	9	44
Total CCC FTE: 10,000 residents	1.5	1.3	1.4	<b>2.3</b>
Cases per week per FTE	107.8	135.25	94.44	<b>56.8</b>

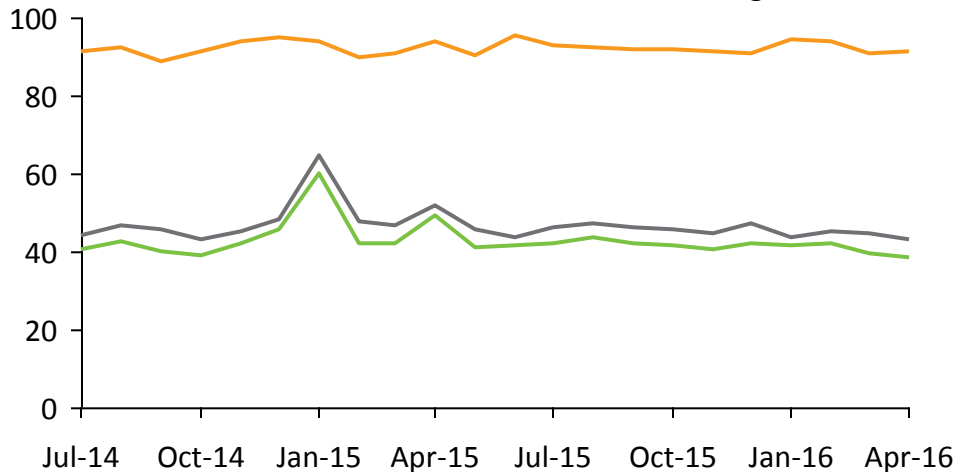
# Appendix E.1

## Asset utilisation

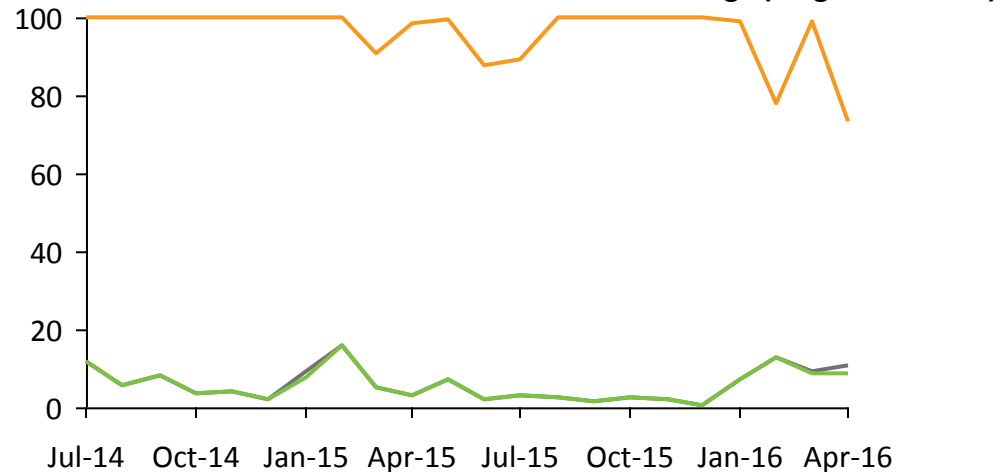


Availability for assets is high, but utilisation varies significantly

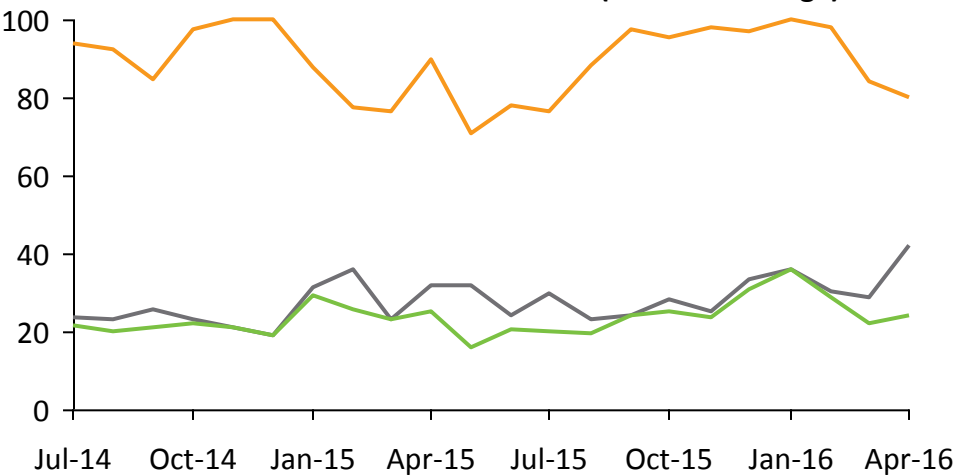
Refuse Fleet Utilisation T/A Side loaders Average\*



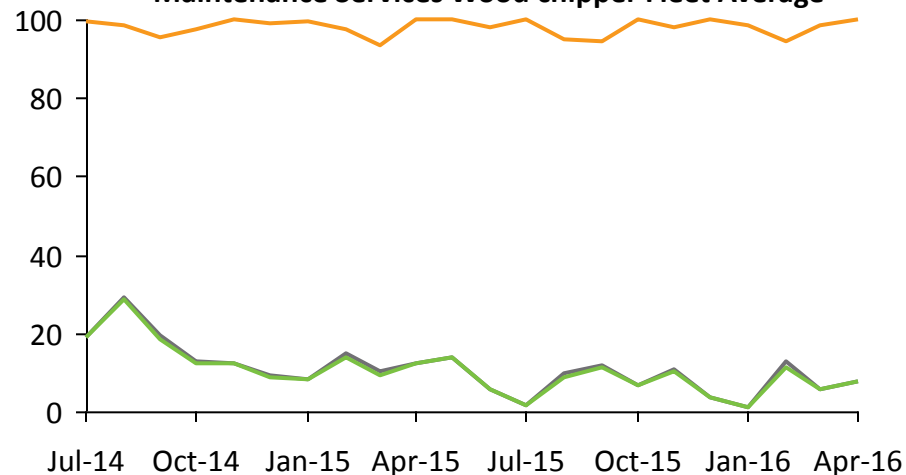
Maintenance Services Ride on Mower Fleet Average (Belgian Gardens)



Maintenance Service Tractor Fleet (Sector 1 Average)



Maintenance Services Wood chipper Fleet Average



— Average availability — Average utilisation (available hrs) — Average utilisation (shift hrs)

Note: An indicative selection of utilisation rates has been provided. \*Refuse fleet availability hours reflect the operating hours of landfill sites.

# Appendix F

## *Costing assumptions within this document*

### Discussion on costing assumptions

In determining the costs and savings related to changes in the management structure of TCC, the review has been required to make assumptions on the salary levels of management staff under the recommended structure.

This review has made the following assumptions on the estimated cost of the management structure of TCC:

- General Manager salary costs for the recommended structure have been calculated based on the weighted average of the Executive Manager and Manager salary costs for each of the current divisions
- Additional Team Manager costs have been calculated based on the maximum Team Leader/Coordinator salary costs for each of the current divisions
- Director salaries in the recommended structure have been costed as the Director position the new role most resembles in the current structure.
- Salary costs will not be grandfathered for individuals whose positions change in the recommended structure.

Further assessment of role value will be required to accurately assess the cost for the recommended structure.

# Appendix G

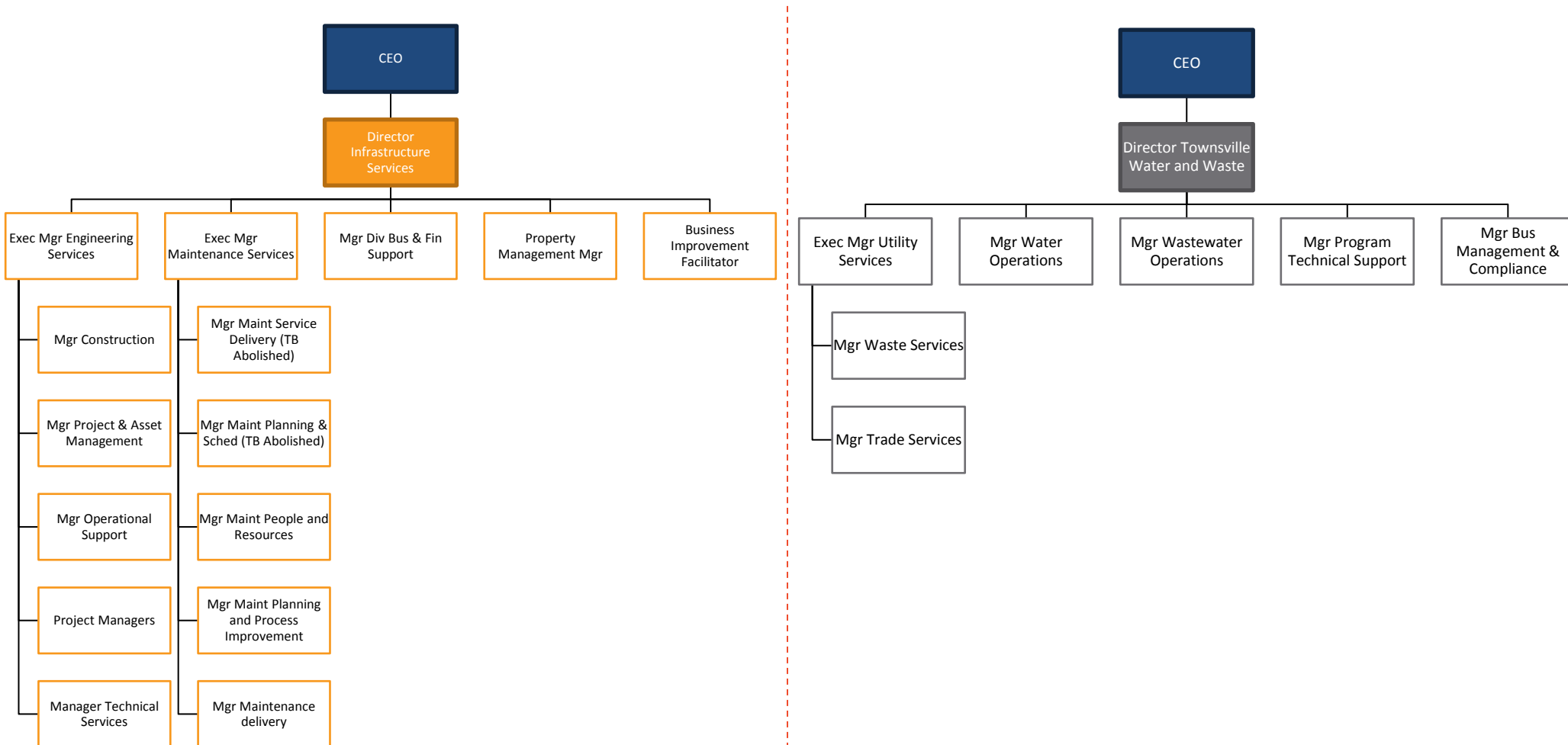
## *Expectations by level for consolidated management layers*

Level	Proposed	Knowledge & Experience	Judgement	Accountability
2	<b>Directors</b>	<ul style="list-style-type: none"> <li>• Proven senior managerial expertise and ability</li> <li>• Scope of integrated set of functions</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic at division level</li> <li>• Guided by organisational strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of relevant components of organisational strategy</li> <li>• Development and delivery of divisional programs of work</li> </ul>
3	<b>General Managers</b>	<ul style="list-style-type: none"> <li>• Proven managerial expertise for professional or technical functions</li> <li>• Scope of single function or integrated set of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Tactical at middle management levels</li> <li>• Guided by divisional strategy and work plans, complemented by own expertise and analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of relevant components of division-wide programs of work</li> <li>• Delivery of function objectives and service standards</li> </ul>
4	<b>Team Managers</b>	<ul style="list-style-type: none"> <li>• Proven supervisory expertise for professional, technical administrative or operational teams</li> <li>• Scope of a single activity</li> </ul>	<ul style="list-style-type: none"> <li>• Operational in leadership of frontline teams</li> <li>• Guided by policy and precedent</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of relevant components of function-wide programs of work</li> <li>• Delivery of activity objectives and service standards</li> </ul>

# Appendix H

## Detailed current state structures

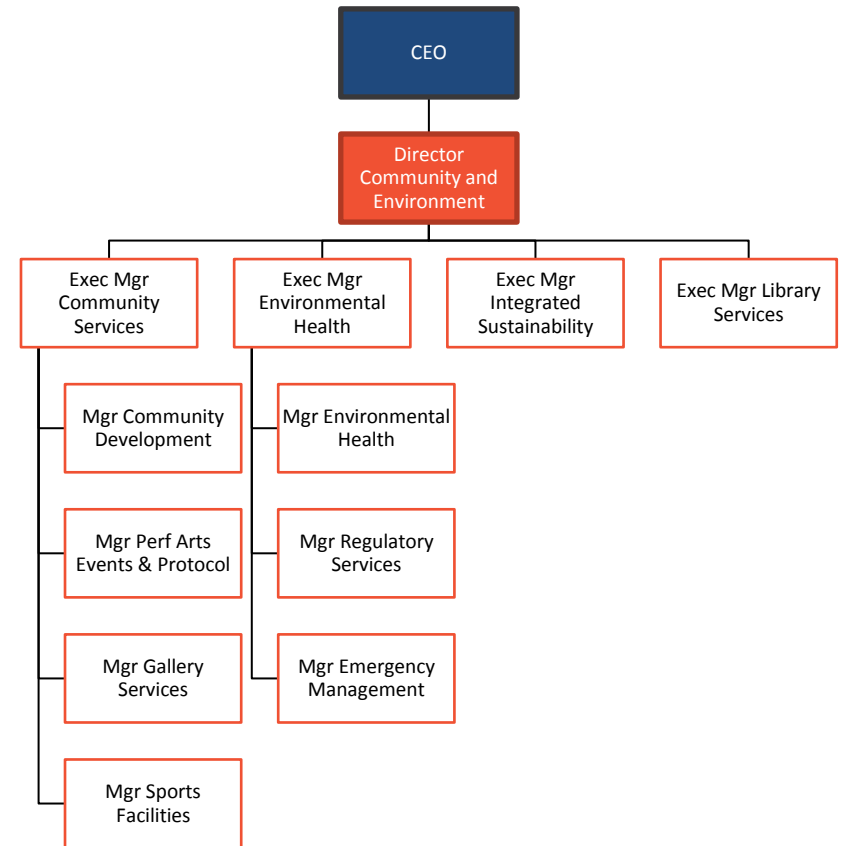
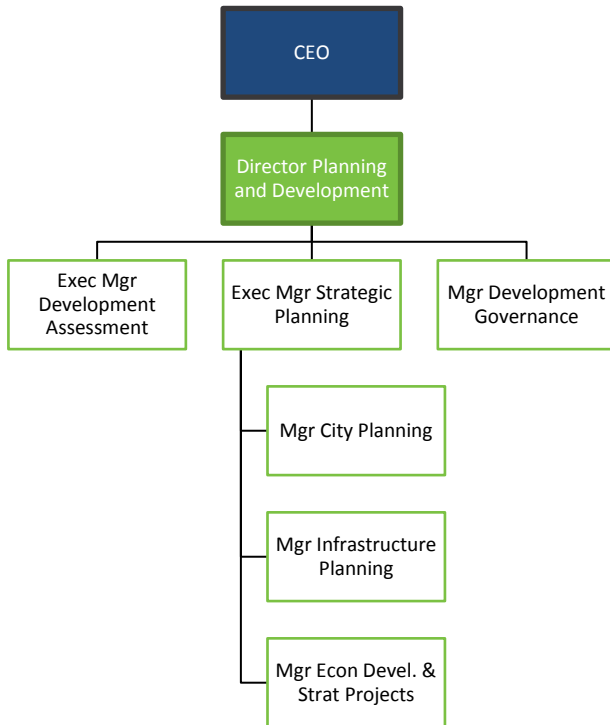
### Infrastructure Services / Townsville Water and Waste



# Appendix H

## Detailed current state structures (cont.)

### Planning and Development / Community and Environment





# Appendix H

## Detailed current state structures (cont.)

### Corporate Services

