ORGANISATIONAL
IMPROVEMENT PLAN

NORTH SYDNEY COUNCIL
CAMMERAYGAL

Organisational Improvement Plan

Council's current financial position will not support the level of service and infrastructure enjoyed by the community in past decades. The costs associated with the North Sydney Olympic Pool Redevelopment Project have placed significant pressure on Council's reserves and infrastructure renewals. Ongoing operating costs, including the repayment of over $50 million in debt will result in ongoing operating deficits. Other factors such as declining revenue streams associated with car parking, fines and advertising, along with cost shifting from other levels of government further exacerbate forecast deficits. This position is not sustainable and requires structural change.

This organisational improvement plan forms one of the key elements to support a proposed special rate variation (SRV) application. Council has undertaken a review of the organisation to identify and implement savings initiatives. Council is also undertaking service reviews to identify further improvement opportunities that will deliver further cost savings and/or revenue increases.

Council has been on an improvement journey and remains committed to continuing with savings, productivity and revenue generation initiatives. This improvement plan and the ongoing service reviews focus on cost containment and productivity improvements that have been implemented by Council in the past or presently, as well as further opportunities for improvement in the future.

The objectives of this organisational improvement plan and ongoing service reviews are:
- long-term financial sustainability for Council
- a range of productivity improvements
- demonstrate to the Independent Pricing and Regulatory Tribunal (IPART) and the community that Council has considered a range of productivity improvements, cost savings and revenue increase measures
- demonstrate to IPART and the Office of Local Government (OLG) that Council has a prioritised program of ongoing service reviews aimed at continuous improvement and optimisation of its services
- productivity improvements as a means of reducing the amount of any SRV affecting the community.

This report outlines the initiatives that have been undertaken or are being considered by Council. It specifies what the cost saving is likely to be and whether this is a recurring or one-off saving.

Some initiatives may not lead to a cost saving but provide productivity or efficiency gains for the organisation.

Service Review Framework

The service review framework is a structured approach used by Council to assess and improve the efficiency, effectiveness and relevance of the services we provide to the community.

This framework guides regular evaluations of our operations, ensuring they align with community expectations, statutory obligations and strategic priorities.

Each review assesses current performance, explores cost-saving opportunities, and considers alternative delivery options to enhance service quality.

Benchmarking with similar councils, conducting cost-benefit analyses, and engaging stakeholders are integral to the process.

Through this framework, we are committed to optimising resources and delivering value as we pursue continuous improvement.

As part of our Integrated Planning and Reporting framework, these are reported through our four-year Delivery Program and one-year Operational Plan.

Over time, all Council services will be reviewed. We are initially targeting a review of three services each financial year.

In 2025/26 we are planning to review:

- Legal Services
- Procurement
- Tree Management

Improvement Plan

The below tables outline improvements initiatives. They are grouped into:

- past improvements, largely implemented in the last two years
- current improvements, in progress to be implemented in the next year
- future improvements, under evaluation to be implemented in next two years

Further details on each initiative are provided below in each table.

Past Improvements

Past improvement	Efficiency gains / productivity improvements	Cost saving / revenue gain prior to 2024/25	Cost saving / revenue gain post 2024/25
Organisational realignment		$2,300,000	
Solar power		$117,000	$100,000
Digital rates notices		$25,000	
Digital business papers		$5,000	
Internal borrowing to reduce ongoing borrowing costs		$835,725	
Excess leave management		$101,000	
Heat pump upgrades		$50,000	
Cybersecurity system consolidation		$101,000	
Mobile telephone network provision		$60,000	
TOTAL		$3,594,725	$100,000

The above costs all represent ongoing annual savings.

Organisational realignment

Starting in early 2023, Council reviewed its operating model with a view to implementing a new structure that streamlined leadership and created more positions in areas where they were needed.

In total, over 17% or $6.39m of the total salaries and wages budget for the Council was refocused. Reducing the spend on management-level salaries has allowed $2.3m for new resources in areas of need including compliance, parks and gardens, sustainability, community development, organisational improvement, risk management, information technology and customer experience.

Solar power

Council has implemented 560kw of solar panels across its sites with a plan to implement a further 260kw, resulting in savings to our electricity expense.

Digital rates notices

Council currently delivers 35% of rates notices digitally. We anticipate this will increase to 50% with the introduction of improved online systems and a general societal trend towards digital. This results in a cost saving to Council with the printing and posting of rates notices.

Digital business papers

Council no longer physically prints Council meeting business papers, saving on printing expenses, staff time and petrol costs for driving and delivering the papers to Councillors. Business papers are now available digitally online.

Internal borrowing to reduce ongoing borrowing costs

Where Council requires funds to pay for projects or other costs, responsible borrowing from internal reserves is used first before other forms of debt to reduce the cost of borrowing to the community.

Excess leave management

Council is currently reviewing excess leave across the organisation and ensuring staff are taking this leave. Reducing excess leave reduces the financial burden of high leave liabilities, particularly excess leave being indexed with the Local Government Award salary increase each financial year, and encourages staff wellbeing.

Heat pump upgrades

Council is progressively upgrading heat pumps to more efficient models, resulting in operational savings from the increase in energy efficiency.

Cybersecurity system consolidation

In early 2024, Council moved several cybersecurity systems to a single vendor through a managed detection and response (MDR) service. MDR provides continuous monitoring, threat detection and incident response to protect organisations from advanced cyber threats.

The consolidation of services and systems to a single vendor provided a cost saving to Council.

Mobile telephone network provision

In August 2022, Council switched its mobile phone and data services to a new vendor at a lower price. This included a review of accounts and a deactivation of those no longer in use.

Present Improvements

Present improvement	Efficiency gains / productivity improvements	Cost saving / revenue gain prior to 2024/25	Cost saving / revenue gain post 2024/25
North Sydney Olympic Pool business plan			$1,080,000
LED streetlights			$80,000
Process mapping	✓		
Development Services process improvements	✓		
Process improvements – onboarding	✓		
Rangers and Parking – electronic reporting	✓		
Greater use of Local Government Procurement and State contracts	✓		
Review of Community Transport service	✓		
TOTAL			$1,160,000

The above costs all represent ongoing annual savings or increases to revenue.

North Sydney Olympic Pool business plan

The new North Sydney Olympic Pool management team has reviewed operations of the pool before it was closed for redevelopment. The newly proposed business plan for the redeveloped facility forecasts an increase in revenue through increasing the number of learn to swim spaces, as well as a larger gym and improved facility.

LED streetlights

North Sydney Council has been working with Ausgrid to upgrade all streetlights across the LGA to more energy efficient lights which, following an upfront cost, will deliver substantial ongoing annual savings.

Process mapping

Council is capturing high-priority processes across all service areas in a process mapping system to enable knowledge transfer between staff, consistency, quality of processes, and improved communication and collaboration. In the future, identification of process bottlenecks and redundancies will lead to opportunities for improvement and increased efficiencies.

Development Services process improvements

Initial enhancements have been made to the lodgement and preliminary assessment processes. A major project is currently underway to review and map all processes within Development Services, with the aim of improving productivity, development application (DA) processing times and enhancing the customer experience.

Process improvements – onboarding

A gap analysis identified bottlenecks in the onboarding workflow leading to delays in recruiting and finalising the onboarding of staff. Mapping of the process into our process mapping system has allowed gaps to be addressed and the workflow streamlined.

Rangers and Parking – electronic reporting

The introduction of a new application has provided an effective way to report on various service responsibilities, such as park patrols, unattended vehicles and dumped rubbish. This e-reporting system has led to increased transparency and accountability, consistent reporting, reduced need for printing, and enhanced productivity.

Greater use of Local Government Procurement and State contracts

Council currently runs tenders for many of its procurement activities. This includes high value but low complexity areas such as the hiring of infrastructure for New Year's Eve, and ongoing Microsoft licensing. Tender preparation and evaluation take Council staff significant time to prepare, organise and assess. The contract development and negotiation take additional time after the tender review.

By using Local Government Procurement, NSW Buy or Procurement Australia contracts, Council can procure services from pre-qualified vendors without tendering. This will save staff significant time each year.

Review of Community Transport service

Council funds the delivery of a Community Transport service via contracted services. The current contract is due for renewal on 1 July 2025. This service uses three Council-owned buses and provides free or heavily subsidised transport services to community members.

Council's current community transport arrangement is unique among similarly sized and located councils. Given changes in ridership since the pandemic and the upcoming contract renewal, Council proposes reviewing the operations of this service to determine if it represents maximum value to the community.

Future Improvements

Future improvement	Efficiency gains / productivity improvements	Cost saving / revenue gain prior to 2024/25	Cost saving / revenue gain post 2024/25
Continuous Improvement Framework Development	✓		
Service reviews	✓		
Property review	✓		
Systems review	✓		$1,000,000
Advertising			$400,000
Sponsorships and commercial partnerships			$500,000
Fleet review	✓		$500,000
Events review	✓		
Consider sales of land			$5,000,000 (one off)
Corporate overheads	✓		
TOTAL			$2,400,000 (ongoing) $5,000,000 (one off)

The above costs represent ongoing annual savings or increases to revenue, unless indicated otherwise.

Continuous Improvement Framework Development

The Framework, encompassing service reviews and targeted process improvements, will enhance Council's operational effectiveness and efficiency by systematically ensuring that resources are used, processes are streamlined, and services remain aligned to community needs.

We are working towards benefit realisation of $20m through continuous improvement initiatives by 2035.

Service reviews

Council has drafted a service review framework that guides systematic reviews of services as part of the continuous improvement cycle to ensure quality and cost effectiveness of services continue to meet community needs.

This will iteratively go through each section of the organisation to recommend and implement improvement initiatives.

Property review

Council has approximately $53.7m of investment properties that, in the 2023/24 financial year, produced revenue of $4.6m. Council proposes to review this investment property with the intent of increasing revenue. This may involve the sale of some property or the acquisition of new investment property.

System review

Council currently uses several business systems to support our operations. The systems in use are not contemporary and do not enable the organisation to be efficient and offer a high-quality customer or user experience.

Several processes are done manually, limiting staff ability to increase productivity. Data quality is limited with manual entry across multiple systems, and customer experience is challenged with limited self-service and no customer relationship management (CRM) system.

Implementing a modern business system and CRM will enable Council to be more productive and provide a better-quality experience to our employees and customers. There will be an implementation cost to doing this, but the system will enable several ongoing benefits to the organisation.

Advertising

Council currently generates limited revenue through advertising on its assets (primarily bus shelters). There is potential to increase this revenue by implementing digital signage, but this requires development applications and has had mixed support from the community.

Council will consult with the community on the potential to increase revenue gained from advertising.

Sponsorships and commercial partnerships

Council will consider sponsorships and commercial partnerships where appropriate to generate additional revenue. This could help to pay for the cost of community events or awards, or to offset some of the expenses of running parks and other facilities.

Fleet review

The fleet review will help improve fleet efficiency by optimising vehicle usage, reducing maintenance costs, and minimising environmental impact.

Streamlining operations, upgrading to electric vehicles, and ensuring an appropriate fleet size will improve service delivery and reduce operational expenses. Having switched several vehicles to electric, Council is already saving money on petrol expenses.

To date, Council has reduced its light fleet by 10 vehicles. It is proposed to further reduce our fleet of pool cars as we encourage greater use of active and public transport options.

Events review

Council will review its events program to ensure events are contemporary and reflective of our community, while improving the strategic approach to ensure that the event program creates meaningful connections and engagement and enhances the public space.

Council will consider discontinuing events that provide low value to the community.

Consider sales of land

Council holds some parcels of land with limited community value. To fund renewal of Council's asset backlog and projects, some of this land will be considered for sale.

Corporate Overheads

The Long-Term Financial Plan assumes no additional corporate administration costs associated with increased services (including North Sydney Olympic Pool) and increased capital works programs. The plan assumes efficiency gains will be achieved through improved governance and administration measures to absorb these costs.

Improvement Plan Summary

Time horizon	Value
Past	$3,694,725
Present	$1,160,000
Future	$2,400,000 (ongoing) $5,000,000 (one off)
Total	**$7,254,725**/year plus **$5,000,000 (one off)**

Council will continue to maintain this organisational improvement plan as additional improvement initiatives are identified.