



# Promoting Excellence and Continuous Improvement

in

## Australian Local Government

### Background Paper

for the

### WA LGMA

### Business Excellence Network

Prepared by the  
UTS Centre for Local Government  
on behalf of the  
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## Introduction to ACELG

The Australian Government is contributing \$8 million in funding for a Centre for Excellence in Local Government to enhance professionalism and skills, showcase innovation and best practice, and facilitate a better informed policy debate. The new centre was announced by the Prime Minister at the inaugural Australian Council of Local Government meeting on 18 November 2008.

A consortium led by the University of Technology, Sydney (UTS) has been selected to establish the centre following a competitive process. The consortium partners are the University of Canberra, Australia and New Zealand School of Government, Local Government Managers Australia, and the Institute of Public Works Engineering Australia Limited. Other program partners will include the Australian National University, Charles Darwin University and Edith Cowan University.

The Centre will:

- build on existing local government programs and networks;
- encourage innovation and best practice across local government;
- foster good governance and strategic leadership
- support action to improve local government workforce capability to address skill shortages and attract and retain skilled staff;
- promote new and improved training and development programs; and
- stimulate and inform debate on key issues for local government in coming decades.

Activities will be grouped in six program areas:

- Research and policy foresight
- Innovation and best practice
- Governance and strategic leadership
- Organisation capacity building
- Rural, remote and Indigenous Australia
- Workforce development.

As part of the Governance Program in the adopted ACELG Project plan for 2010, the *Review of Excellence Frameworks in Local Government* project has as its goal

an upgraded excellence framework for Australian local government.

Consultation with councils to review the Australian Business Excellence Framework has highlighted the fact that it contains a number of features are extremely useful to councils in promoting excellence and continuous improvement. However, there are also some aspects of the ABEF and the way it is supported by SAI global which are not sufficient to support Australian councils.

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

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

## Survey Responses from the Local Government Business Excellence Network

In recognition of a mutual commitment to excellence in local government, LGBEN councils were invited to participate in some preliminary exploration of issues and benefits in implementing the ABEF in local government in Australia, and early in 2010 a survey was emailed to LGBEN network councils with eighteen returns. Of the eighteen surveyed councils, half of these had been using the ABEF for two years or less, and eight councils had been using the ABEF for over five years.

### Profiling ABEF Implementation

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Most of the surveyed councils use the ABEF primarily as a structured means of involving all of their organisation in a continuous improvement program. They seek to transform their organisation's culture and processes to deliver process improvements, team building and efficiencies. ABEF is also seen as a framework which enables councils to compare their performance against each other, and also against other industries, sectors and organisations.

Implementation of the ABEF has required significant resources within the surveyed councils, particularly on consultancy services, appointment of in-house staff and time taken for staff and managers to undertake improvement activities. Other costs incurred include resource materials, software, SAI publications, venue hire and travel to LGBEN meetings. These costs vary significantly between councils, with estimates of costs for consultants ranging from \$10,000 to \$100,000 in the first year.

The implementation of the ABEF requires tailoring the materials to suit the needs of each council language, culture and internal processes. There was a wide range of tailoring amongst surveyed councils, with only three out of eighteen not substantially tailored materials for their own purposes. Some examples were the preparation of in-house templates; design of a *Councillor's Systems View*; induction workshops for new employees; an organization excellence manual containing philosophy, processes and templates; training modules for staff; an intranet site for access to information; and a team-based appraisal process.

Implementation seems to involve firstly managers and selected staff, with processes in place over time to involve other staff including outdoor staff. Councillors were a difficult group to involve, with half of surveyed councils not having any councillor participation at all.

### **ABEF: Benefits and Disadvantages**

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One council described the benefits that the ABEF could provide as:

*A shared understanding of future direction, understanding community expectations, employee empowerment and understanding and improving processes gives a confidence in the organisation's ability to adapt to changing circumstances.*

The ABEF was described as providing a structured process for continuous improvement, a facilitator of better communication, a tool for team building and aligning the organization to corporate priorities, a catalyst for finding financial savings, and a vehicle for providing access to best practice. The activities which delivered these benefits were undertaken by the organization, and included:

- Identification of council services and processes;
- Business excellence evaluations;
- Recommendations and action plans for process improvements; and
- Process improvements linked to personal development plans.

When asked about the gaps and disadvantages in implementing the ABEF, half of the surveyed councils mentioned the effort and leadership required across the organisation. Other critical comments about the ABEF mentioned the lack of applicability of the framework language to the local government context, an insufficient coverage of community governance and political factors, and commercial copyright restrictions preventing better exchange of information.

### **Available Support and Future Needs**

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SAI Global provide a number of services, and the councils in the survey mentioned using the following:

- Purchase of documentation;
- Mentoring, support and advice;
- In-house training from SAI consultants;
- Public courses leading to qualifications eg Graduate Certificate; and
- External assessment for the Excellence Awards.

There were several positive comments about services from SAI Global, in particular about their mentoring role, network contacts and teaching methods, however they have been problematic for some councils, in particular their lack of availability, lack of focus on the local government sector and cost.

Surveys were overwhelmingly supportive of the role of the LGBEN:

*The LGBEN have been a wealth of information in establishing an implementation plan. Support and advice is always available through phone calls and emails to network members. Documentation on the LGBEN website has been very useful and attendance at meetings provide valuable information, ideas and encouragement to move forward with our implementation.*

The final question in the survey asked respondents about their additional support needs, and suggestions were aimed at each of these – the councils themselves, SAI Global, the LGBEN, and also ACELG. Some ideas from respondents included:

*The full support of Councillors, management and staff, and an ongoing commitment to continuous improvement;*

*Support from SAI Global in providing training resources and more cost effective products;*

*Greater focus on the ABEF throughout the industry, education programs, benchmarking opportunities and partners;*

*Support from a not-for-profit government agency whose role is to disseminate information about what ABEF is, and provide case studies of how organisations have implemented it;*

*A proper national framework would also be a major improvement, and would inject more academic rigour into continuous improvement programs. The framework should be standalone and “open source”, not requiring the purchase of ancillary proprietary products or services. The focus, use of language, and materials provided should be based around the local government industry; and*

*A program for managers and executives that gave awareness and insight into the BEF with benefits of its implementation and use in a local government context.*

### **Workshop Outcomes: The Role of ACELG**

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A workshop discussion with around 50 LGBEN members after presentation of the survey results seemed to suggest the following lines of enquiry for ACELG in the future:

- An review of other excellence and continuous improvement frameworks, both for the benefit of those working within and outside of the ABEF;
- Consideration of the role of Councillors, their appropriate role in continuous improvement and excellence programs, and any practical support which might further enhance this role;
- The collection of good practice materials developed to drive excellence in local government, and dissemination to gain recognition for authoring councils and provide direction for other councils; and
- Ways to collect information about business efficiencies and community benefits gained through local government excellence programs, to demonstrate their benefits to councils and communities.

### **Improvement Ideas for Promoting Excellence in Local Government**

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In following up the survey results, ACELG is jointly facilitating a workshop with LGBEN and SAI to consider future directions for improving products and services for local government. The following suggestions which have arisen

throughout the preliminary research will be discussed in a way which aims to encourage a collaborative approach and a marshalling of limited resources:

**Online Library**

A library of strategies, educational information, example tools and templates to implement ABEF and other continuous improvement programs

**Case Studies**

Detailed case studies of councils who have implemented the ABEF and other continuous improvement programs

**Networking Support**

An online community of practice, a co-ordinated peer review process, a “borrow an expert” program, local government facilitators, guided seminars

**Guidance on Copyright Issues with SAI Global**

Councils tend to want to make information publicly available and share information with other councils, defining their legal obligations to SAI Global

**Supporting Material for ABEF**

Tailored for local government use, in appropriate language for councils, this might include training materials that include a description of excellence principles, and guide for self assessment providing detailed information about what to look for and good practice in councils in each of the categories

**Review of the ABEF – fine tuning to better fit the lg environment**

Adapting terms such as “market focus” and “products”, could include features and characteristics appropriate to the public sector – as per the Singapore and Spanish excellence models

**Executive Training and Coaching**

Opportunities for senior managers in local government to learn about excellence in local government, and one-on-one support as required - for example for new CEOs

**The Role of Councillors**

Exploring the unique role of councillors in local government, what their role is in ABEF and continuous improvement, guidance on how to best involve and support them

**Demonstrating the Benefits**

Researching and defining the benefits of implementing ABEF and continuous improvement in local government, suggesting benchmarks and ways to measure outcomes and benefits for councils and communities

**Upgraded Awards Events**

High profile events to celebrate good practice and give recognition to significant achievements.

## Surveying all CEOs in Local Government

The ABEF has emerged as an important tool in use by local government to promote excellence and continuous improvement, however there are also other products, frameworks, tools and services which facilitate excellence in local government. In order to better understand practice across all local governments in Australia, ACELG is about to distribute the following survey to local government CEOs to gain a clearer picture of the realities within councils, and also to canvass the opinions of local government CEOs.

The survey will be distributed by email on an internet platform to all Australian councils, will take approximately 15 minutes to complete, and will be distributed within the next couple of weeks:

### **1. Does your Council have a systematic approach to promoting excellence and continuous improvement?**

If yes could you please describe your approach, and outline the staff and financial resources involved:

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

Staff training	
Management training	
Corporate planning	
Key performance measures	
Performance management	
Community surveys	
Community consultation	
Service planning	
Workforce planning	
Quality management systems	
Risk management	
Internal audit	
Long term financial planning	

### **3. Does the Department of Local Government in your state have a program for promoting excellence and continuous improvement? If yes, could you please describe your council's involvement in this program?**

### **4. In the past five years have you purchased any of the following commercially available tools for promoting excellence and continuous improvement? If yes, please describe:**



Business excellence frameworks	What did you use? Who was the provider? How much did you spend? How satisfied were you: Very dissatisfied; slightly dissatisfied; mostly satisfied; very satisfied
Consultant reviews	Etc.
Cultural change tools	Etc.
Quality awards	Etc.
Management training	Etc.
Management coaching	Etc.
Other:	Etc.

**6. Do you have any plans to strengthen your approach to promoting excellence and continuous improvement?**

If yes, could you please describe your intentions for the future?

**7. Would the following support be useful to you in your council in promoting excellence and continuous improvement?**

	Yes/No
<b>Profile of commercially available products</b>	
<b>Example tools and templates</b>	
<b>Case studies</b>	
<b>On-line community of practice</b>	
<b>Peer reviews</b>	
<b>Executive training and coaching</b>	
<b>Guide for involving councillors</b>	
<b>Local government awards</b>	
<b>Other:</b>	

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

## Reviewing other Excellence and Continuous Improvement Tools

A complementary phase of the project is to explore other tools which are used as well as or instead of the ABEF, in order to better understand what they offer, how they work, and whether an upgraded framework might complement or even mimic aspects of these other tools. As well as informing the future development of a local government excellence framework, this research will also stand alone to inform councils about what is currently available. The tools which have emerged for closer examination include:

- Investors in People
- Human Synergistics
- Lean Six Sigma
- NSW LGMA Health Checks
- NSW Better Practice Program
- Victorian Excellence Framework for Human Services
- ACELG Women in Local Government Program
- UK IDEA Peer Review Program
- European Framework for Quality Management
- Singapore Excellence in Schools Program
- US Baldrige Excellence Framework
- US PTI “Executive-on-Loan” Program

We are aiming find out whether these tools contain the following:

1. Aspirations, framework, principles or criteria which describe a desired approach;
2. Supporting materials such as manuals, guidelines, checklists, which may or may not be accompanied by training;
3. An assessment process involving internal and/or external agents, generating a report outlining strengths and weaknesses and an improvement program;
4. Involvement of peers in assessing strengths and weaknesses and identifying good practice and potential improvements;
5. A process for collating and sharing assessment results with other like organisations, enabling the identification of shared issues and good practice;
6. Organisational support which provides advice, facilitation and dissemination of good practice;
7. Industry networks which enable the sharing of experiences, resources and emerging solutions;
8. Tailored to the local government context vs a capacity to compare with other sectors and types of organisations; and
9. An awards process which recognises industry leaders and significant improvements.

## Options for the Future

In consultation with the wider local government sector ACELG might consider either commissioning the creation of a new excellence framework for local government, or working with SAI global to modify or better support the ABEF for use in local governments across Australia.

### Local Government Excellence Framework?

The benefits of a local government excellence framework might include a better focus on public and community value, better fit to local government functions and operations, and potentially an alignment with local government legislation. The framework might look something like this:



While ACELG might initiate this process, a sustainable approach over time would require that the local government sector work collaboratively to marshal its own resources in building and supporting such a framework, including:

- Defining the framework and establishing assessment criteria
- Investing in the development of materials
- Sharing results: case studies and good practice
- Peer reviews
- Local Government awards

### **Upgrades to the SAI Excellence in Local Government Program**

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Consultation with SAI global is currently underway, and preliminary indications are that they are keen to upgrade their support for local government, possibly including:

1. Reviewing the framework itself so that it better applies to local government;
2. Renewing training and assessment materials to better suit the local government environment;
3. Researching the benefits of adopting the ABEF, getting better data;
4. Supporting sector networking; and
5. Executive coaching and mentoring for CEOs and Directors in implementing the ABEF.

### **The Role of ACELG**

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ACELG has committed funds through its Governance and Strategic Leadership Program which has as its objective:

***To increase understanding of effective strategic leadership, and to build the capacity of local government to achieve consistently high standards in leadership and governance.***

Adopted milestones within this program include:

2010 - Review existing frameworks for business excellence in local government and determine future needs; and

2011 - Upgrade/promote frameworks for local government excellence

Future options will be explored collaboratively in relation to possible alliances or initiatives between ACELG, the local government sector and SAI Global in accordance with the ACELG guiding principles, which are:

- To be effective, the Centre must be grounded in and serve the local government system: it must not be seen as an 'outsider' organisation or one pursuing esoteric academic interests
- The Centre should be practice-oriented: whilst research is essential to promote innovation and inform policy, it should be designed to lead to practical outcomes
- The Centre should focus on adding value, filling gaps and seeding new initiatives: as a general rule it should not duplicate or compete with existing programs
- The Centre should be inclusive: it should seek the active involvement of all those with expertise and ideas to contribute
- Given limited resources, the Centre must focus on a limited number of strategic interventions.