

Lee Stubbs Enterprises

A photograph of two men in business suits sitting at a desk in an office. They are looking at a laptop screen. The man on the right is wearing glasses and has a beard. The man on the left is also wearing glasses. There are papers, a glass of water, and a tablet on the desk. The background shows office shelves with binders and a whiteboard.

Strategic Service Planning Webinar

In Collaboration with FinPro

Strategic Service Planning in Local Government

Purpose: To provide a webinar for the Finpro Community to explore Strategic Service Planning and its implication for Local Government Financial Professionals.

Desired Outcomes:

- A shared understanding of Strategic Service Planning and its links to Financial and Council Strategy
- A shared understanding of the big challenges in this strategic service planning space and how financials professional can lead and participate in the solutions
- A shared understanding of the role for Finance in Strategic Service Planning, Implementation and Reporting

Approach:

Time	Outcome
5 minutes	Introduction, Context and Outcomes
10 minutes	Why Services and its links to Strategy
15 minutes	The big challenges for Strategic Service Planning and Finance
15 minutes	Where can Finance play in the Strategic Service Planning process
10 minutes	Q&A
5 minutes	Next Steps & Close







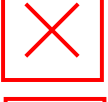
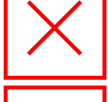



Introduction to Strategic Service Planning

- A **service** is an intangible activity or benefit that one party provides to another, designed to meet a need or fulfill a demand. Unlike physical products, services are typically consumed at the point of delivery and do not result in ownership of anything tangible.
- in essence, a **service** satisfies a specific need or solves a problem without transferring ownership of any physical object.
- If we use this lens which if the following are actual services in a local government context:
 - Customer Service
 - Digital
 - Immunisation
 - Growth and Investment
 - Bike Paths and Trails
 - Waste Collection
 - Asset Management
 - Artificial Intelligence
 - Quarterly Forecasting

Introduction to Strategic Service Planning

• If we use this lens which if the following are actual services in a local government context:

- Customer Service  It in the name!
- Digital  This is a technology applied to a service throughout the lifecycle
- Immunisation  This is a service
- Growth and Investment  This could be a strategy or a process to apply to a service
- Bike Paths and Trails  This is a service
- Waste Collection  This is a service
- Asset Management  This is a process
- Artificial Intelligence  This is a technology applied to a service throughout the lifecycle
- Quarterly Forecasting  This is a process

Strategic Service Planning and Links to Strategy

Definition: Strategic Service Planning involves aligning service delivery with the Council's long-term goals to meet customer needs efficiently.

All work in Council revolve around these key strategies:

1. Increase/improve Customer Satisfaction
2. Increase/Improve Community Engagement
3. Increase/improve Employee Engagement
4. Manage the deficit/surplus
5. Utilisation of Council Assets

There are emerging strategies now around Environment, Sustainability and Governance, but these are relatively immature.



Challenges 1 for Finance Professional in Strategic Service Planning

BHP Annual Report 2023- extract

1 Segment reporting

Reportable segments

The Group operated three reportable segments during FY2023, which are aligned with the commodities that are extracted and marketed and reflect the structure used by the Group's management to assess the performance of the Group.

Reportable segment	Principal activities
Copper	Mining of copper, silver, zinc, molybdenum, uranium and gold
Iron Ore	Mining of iron ore
Coal	Mining of metallurgical coal and energy coal

Group and unallocated items includes functions, other unallocated operations including Potash, Nickel West, West Musgrave, legacy assets and consolidation adjustments. Revenue not attributable to reportable segments comprises the sale of freight and fuel to third parties, as well as revenues from unallocated operations. Exploration and technology activities are recognised within relevant segments.

Year ended 30 June 2023 US\$M	Copper	Iron Ore	Coal	Group and unallocated items/ eliminations	Group total
Revenue	16,027	24,812	10,958	2,020	53,817
Inter-segment revenue	–	–	–	–	–
Total revenue	16,027	24,812	10,958	2,020	53,817
Underlying EBITDA	6,653	16,692	4,998	(387)	27,956
Depreciation and amortisation	(1,810)	(1,993)	(697)	(561)	(5,061)
Impairment losses ¹	(33)	(28)	(6)	(8)	(75)
Underlying EBIT	4,810	14,671	4,295	(956)	22,820
Exceptional items ²	471	(295)	–	(64)	112
Net finance costs	–	–	–	–	(1,531)
Profit before taxation	–	–	–	–	21,401
Capital expenditure (cash basis)	2,698	1,966	657	1,412	6,733
Profit/(loss) from equity accounted investments, related impairments and expenses	854	(256)	–	(4)	594
Investments accounted for using the equity method	1,530	–	–	90	1,620
Total assets	40,366	25,025	11,087	24,818	101,296
Total liabilities	5,824	8,382	3,821	34,739	52,766

- The services story needs to be written in your Comprehensive Income Statement and the Balance Sheet.

Examples:

- For us to provide bike paths and trails this service requires \$1m per year with \$220k in maintenance each year. *How do we know this service has value to our community?*
- To provide community facilities as a service required \$60m per year with \$6m in maintenance and renewal. *How do our community utilise these facilities and how can we increase utilisation?*

Challenge 2 for Finance Professional in Strategic Service Planning

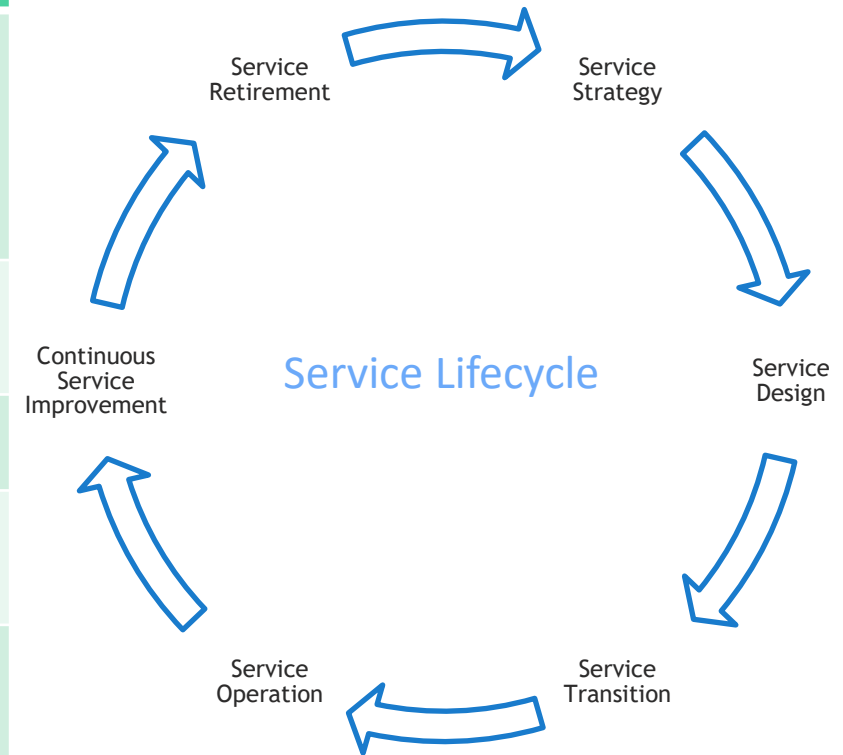
- All people, equipment, process and customer interactions need to be costed to the service, not to the department.
- This includes enabling services like IT, P&C, Governance, Asset Management



Challenge 3 for Finance Professional in Strategic Service Planning

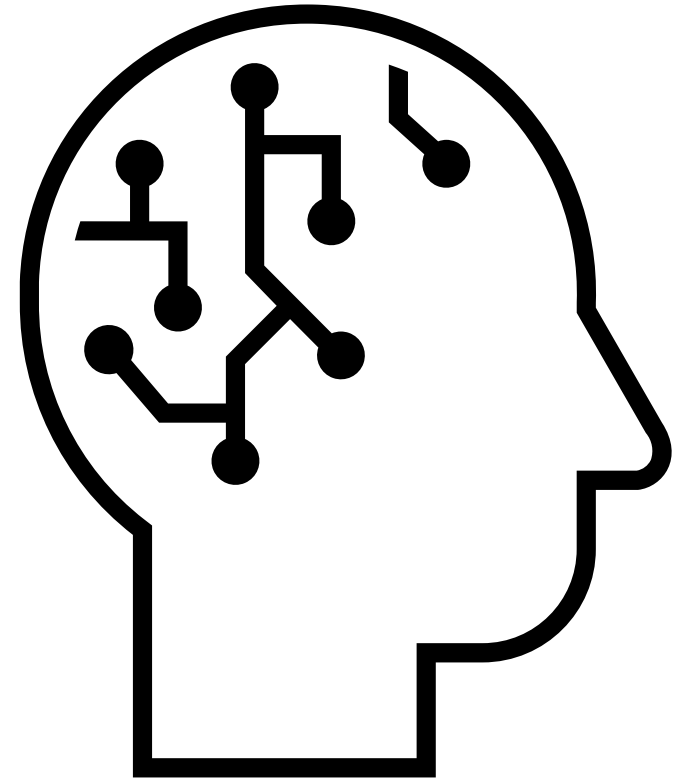
- Understand where the service is in its lifecycle and financially plan for it

Lifecycle Step	Possible Interventions
1. Service Strategy	<ul style="list-style-type: none"> • What are the community and customer requirements? • What strategies will Council apply to this service to determine it is successful • What key decision points do we need throughout the lifecycle to test assumptions about the usefulness of the service • What does a Minimal Viable Service cost • High engagement and collaboration with Customers and impacted stakeholder
2. Service Design	<ul style="list-style-type: none"> • How can we make this Is the service scalable and reliable? • How will customer experience be ensured? • How can we ensure this cost to deliver this service is sustainable?
3. Service Transition	<ul style="list-style-type: none"> • How can risks be mitigated during deployment? • Is the service ready for operational use?
4. Service Operation	<ul style="list-style-type: none"> • How can service performance be continuously monitored against our key performance and service indicators? • How will issues be quickly resolved to maintain service?
5. Continual Service Improvement	<ul style="list-style-type: none"> • How can the service evolve or de-evolve to better meet customer needs? • What Council Strategies can we apply and test that will drive greater efficiency or satisfaction? • Are we going to grow, shrink, optimise or retire this service?
6. Service Retirement	<ul style="list-style-type: none"> • Can we afford to run this service anymore? • How will customers be supported during the transition? • What are the risks of discontinuing the service?



Challenge 4 for Finance Professional in Strategic Service Planning

- Develop the mindset to see your Council as a set of integrated services
- Never work alone!
- Never push the brown stuff up hills
- People need to hear things 7 times before the sinks in!
- Always start where people are at not where you want them to be!



Conclusion & Next Steps

