

Family Court of Australia National Support Office “Health Check”

EXTRACT >>>>>>>>>>>>>>>>>>>>>>>



Executive Summary

PwC has conducted a performance review of the services and functions provided by the NSO to the FCoA.

Overall we have found that the services provided have been of an acceptable standard to the receivers of the services and are delivered in an efficient manner, especially given the unique culture and environment of the FCoA. In our experience these compare well with those of other public sector organisations of a similar size and nature.

During the course of the review we have identified a number of both short and long term opportunities for cost and operational improvement. We present recommendations for the implementation of these improvements and where possible we have quantified the level of potential cost savings and benefits that could arise from these, in consultation with the relevant stakeholders.

We do not consider that there are significant cost savings to be achieved in the short to medium term and estimate that these cost savings are in the region of \$0.8 – 1.0 million.

However longer term opportunities may provide greater potential and the value they could deliver was primarily subjective and not quantifiable evaluation due to the time constraints. However we believe it may make sense to conduct initial feasibility studies to fully evaluate.

Short term (quick wins)

- resourcing, reorganisations and process changes

**Potential cost savings:
approx \$285,000+ per annum**

Medium term

- staff and asset rationalisation, enabling technology implementation

**Potential cost savings:
approx \$550,000+ per annum**

Long term

- service level definition
- shared services
- corporate service provision to other organisations

**Potential cost savings:
To be determined**

Executive Summary (continued)

We would strongly recommend that the NSO clearly defines, agrees, documents and communicates the level of service and functions that it will be providing in the future to both internal and external parties to the FCoA. This will enable it to more easily demonstrate effective manage resources and measure performance against agreed standards.

We have considered whether there are any further opportunities for outsourcing any of the activities currently performed by the NSO. In our opinion the appropriate level of outsourcing has already occurred (e.g. security and property management). Given the size and nature of the FCoA it is unlikely that there would be benefit from any further outsourcing or that there would be any parties interested in providing the service. For instance, both the payroll and IT services are unlikely to be suitable due to their relatively small size.

However we would recommend that the FCoA should explore opportunities for establishing shared service functions with or providing further service for other organisations. The FCoA already provides IT services and shared registry services across the FCoA and FMC. There may be potential for extending these services or establishing shared services with other courts and / or organisations within the same portfolio. Other corporate service functions, such as the entire HR function, finance, procurement and communications could also be considered. We suggest that the FCoA conducts a feasibility study so that it can assess the potential and consider whether the idea merits further investigation.

Our Recommendations

NSO wide

Description	Benefits	Potential cost saving	Rationale	Ease
<p>1. Definition of internal service levels</p> <p>A level of service for each function that sections provide needs to be determined and documented. These then need to be communicated to the internal users of the services. Each section then needs to monitor its performance against these standards on a regular basis and address any areas of over or under performance. It is acknowledged that this may take some resource effort to implement. However this cost is likely to be off set by the benefits realised.</p> <p>It should be considered that it may not be appropriate or necessary for all users to be receiving the same levels of services.</p>	<p>Sections will be able to more easily assess their performance against agreed levels of service and direct their resources accordingly.</p> <p>The FCoA as a whole will be better informed when making decisions regarding service levels versus level of spend on resources.</p>	<p>The identification of potential cost saving will be possible once service levels are implemented.</p>	<p>It is acknowledged that some sections do already have defined goals and service levels within their business plans. However in fully defining, documenting and communicating over the medium term the section may identify areas where they are providing a service level beyond that agreed and thus identify areas where resources can be reduced to a level where it is possible to still provide the agreed service yet free up resources to focus on other areas.</p>	<p>Hard</p>

Our Recommendations

NSO wide (continued)

Description	Benefits	Potential cost saving	Rationale	Ease
<p>2. Agreement of levels of service to external parties</p> <p>In addition to providing internal services to the FCoA some NSO sections also provide services to FMC, FCA and FCoWA.</p> <p>A level of service for each function that sections provide to each external party needs to be determined, agreed and documented. These then need to be communicated to the users of the services. Each section then needs to monitor its performance against these standards on a regular basis and address any areas of over or under performance.</p>	<p>Sections will be able to more easily assess their performance against agreed levels of service and direct their resources accordingly.</p> <p>This may provide a basis to assist with negotiations regarding funding for the services which FCoA provides for external parties. For example the IT services which are provided to the FMC.</p>	<p>The identification of potential cost saving will be possible once service agreements are implemented.</p>	<p>In doing this over the medium term the section may identify areas where they are providing a service level beyond that agreed with the third party and thus identify areas where resources can be reduced to a level where it is possible to still provide the agreed service yet free up resources to focus on other areas.</p>	Hard
<p>3. Reduction in air travel spend</p> <p>Over \$1.5m per annum is spent on air travel by the FCoA. This could be reduced by restricting all NSO staff travel to business critical activities only. A review of the travel policy and procedures for the entire organisation should be conducted. The introduction of a more demanding approval process for travel may be appropriate.</p>	<p>Reduction in operating budget. Reduction in carbon footprint.</p>	<p>Using fixed airfares \$50,000 per annum across the FCoA. Reducing NSO air travel by 20% cost saving of \$60,000.</p> <p>If air travel costs are reduced there may also be an on-flow reduction in per diem expenditure.</p>	<p>Of the \$1.5 million spent annually on air travel by the FCoA savings could be made by booking fixed outbound fares rather than flexible airfares.</p> <p>The NSO currently spends over \$300,000 per annum on air travel. Smarter air travel policies e.g. using only economy airfares when travelling Canberra to Sydney return, and a reduction to business critical travel is recommended.</p>	Easy

Our Recommendations

NSO wide (continued)

Description	Benefits	Potential cost saving	Rationale	Ease
<p>4. Executive Assistant Rationalisation</p> <p>Review what administrative tasks are currently performed for the senior executives by executive assistants and assess which are critical. Consider how these could be most efficiency resourced.</p> <p>Consider whether 3FTEs could be reduced to 2FTEs.</p>	<p>More effective use of resources.</p> <p>Reduction of up to 1FTE.</p>	<p>Salary and on costs of \$50,000.</p>	<p>There are currently 3 EA's. The CEO, IC&TS and Client Services Exec's each have an EA. The Corporate Services Exec does not have an EA however uses other administrative staff if required. It is acknowledged that the CEO will require some administrative support, however the other executives may be able to redistribute any critical administrative tasks to other staff within their groups.</p>	<p>Moderate</p>

Our Recommendations

NSO wide (continued)

Description	Benefits	Potential cost saving	Rationale	Ease
<p>5. Shared services of other corporate functions</p> <p>The FCoA should conduct a feasibility study to assess the potential benefits of establishing a shared service function with other courts and other organisations within the same portfolio.</p>	<p>Shared services can provide benefits in terms of both service improvements and cost savings due to the implementation of better practice and the advantages of economies of scale</p>	<p>Substantial however not possible to quantify without firstly conducting the feasibility review</p>	<p>The FCoA already provides services to other organisations. It should consider providing the following services to other organisations:</p> <ul style="list-style-type: none"> • entire HR function • finance • procurement • communications • statistics • marshal (already does FMC, could extend to FCA, High Court?) • IT (already does FMC, FCA could extend to High Court?). 	<p>Hard</p>

Our Recommendations

Marshal

Description	Benefits	Potential cost saving	Rationale	Ease
<p>6. Relocate Deputy Marshal</p> <p>Relocate the position of Deputy Marshal from Adelaide to Canberra and review the level of the position.</p>	<p>Relocation to Canberra would:</p> <ul style="list-style-type: none"> allow for a more equitable work load split; Allow the position to be at a lower level as closer supervision would be possible; allow for a more logical career development path for the deputy marshal ; and eliminate the need for the Marshal to travel to Adelaide on a regular basis. 	<p>Salary and on cost saving of \$60,000.</p> <p>Travel cost saving of \$15,000.</p>	<p>There is no need for this position to be based in Adelaide.</p>	<p>Easy</p>
<p>7. Marshal report to CEO</p> <p>The Marshal should report directly to the CEO not to the Executive Director, Client Services.</p>	<p>This will allow remove the current duplication of management and allow the Executive Director Client Services to focus on the core business.</p>	<p>Redirect of up to 10% of time to core business.</p>	<p>PwC has been informed that this is already in place so it is more of a formalisation.</p>	<p>Easy</p>

Our Recommendations

Communications

Description	Benefits	Potential cost saving	Rationale	Ease
<p>8. Communications report to CEO</p> <p>It should be considered whether it would be more appropriate for the Communications section to report directly to the CEO and not to the Executive Director, IC&TS.</p>	<p>This will allow the Executive Director IC&TS to focus on the core business of the group.</p> <p>The CEO will have clearer visibility over the messages released by the court.</p>	<p>Redirect of up to 10% of time to IC&TS business.</p>	<p>There are not many obvious synergies between the communications section and the other functions within the IC&TS area.</p>	<p>Easy</p>
<p>9. Development of Family Law Forms</p> <p>It may be more appropriate to move the task of updating forms from communications to the Registrar's Office.</p>	<p>Reducing the workload of the person / people within Communications who are currently tasked with updating form content.</p> <p>Cost saving of 0.25 FTE</p>	<p>Salary and on-costs \$20,000</p>	<p>The Principal Registrar's office needs to approve form content prior to the release of new or updated forms. It would be more efficient if it had overall responsibility for developing the updated content, then engaging Communications to ensure that Corporate standards are applied to formatting / presentation.</p>	<p>Moderate</p>

Our Recommendations

HR

Description	Benefits	Potential cost saving	Rationale	Ease
<p>10. Payroll resourcing</p> <p>Currently there are 3 FTE's which calculate the salaries and entitlements for the 750-800 (approx) staff employed by the FCoA and 1 FTE who processes the salaries and entitlements for the 40 (approx) Family Court Judges. The actual payment of entitlements is outsourced to a third party provider. We understand they also perform some other tasks including superannuation reconciliations, birthday reviews, leave calculations and reconciliations. The processes performed by the HR staff should be reviewed to identify any areas of duplication or non value add. The peaks and troughs in workload during the pay period fortnight (month for judges) should be identified and the section resourced accordingly. Part-time work phased over the fortnight (month) to resource peaks may be appropriate.</p>	<p>Resources matched to peaks in payroll workload resulting in a reduction of resources of 1 FTE.</p>	<p>Salary and on cost saving approx \$80,000.</p>	<p>In our experience the number of payroll staff 3-4 FTE's would appear high given the number of staff on the payroll, even taking into consideration the need to meet the requirements of the judges.</p> <p>We understand that outsourcing the entire payroll function to an external party may not be cost effective given the number of employees. However the FCoA could explore the options of a shared service arrangement with other agencies of a similar nature.</p>	<p>Moderate</p>

Our Recommendations

HR

Description	Benefits	Potential cost saving	Rationale	Ease
<p>11. Recruitment resourcing</p> <p>Currently there are 2 APS4 staff and a supervising APS5 who assist and advise managers with recruitment. The processes and tasks performed by these staff should be reviewed and where possible templates, forms and process instructions should be available to managers on line. The workloads of these staff need to be reviewed.</p>	<p>Managers become more self sufficient</p> <p>Resources matched to workload.</p> <p>Possible saving of 1 FTE.</p>	<p>Salary and on cost saving approx \$80,000.</p>	<p>The main tasks of these staff are advertising, selection reports and advice to managers. Other tasks include reclassifications, management of non-ongoing contracts and job analysis and evaluation. On average there are 7 positions recruited for each month. In our experience 2 staff plus supervision would appear high.</p>	<p>Moderate</p>
<p>12. Payroll shared services</p> <p>The FCoA should consider the feasibility of establishing a shared service centre to perform payroll processing.</p>	<p>The cost savings achieved would be dependent on the level of economies of scale which can be found. However these would typically be in the region of 35% of current costs.</p>	<p>Substantial however not possible to quantify without firstly conducting the feasibility review.</p>	<p>We understand that outsourcing the entire payroll function to an external party may not be cost effective given the number of employees. However the FCoA could explore the options of a shared service arrangement with other agencies of a similar nature e.g. within the Court system or within the same portfolio.</p>	<p>Hard</p>

Our Recommendations

Infrastructure

Description	Benefits	Potential cost saving	Rationale	Ease
<p>13. Introduction of ITIL service management processes</p> <p>Implementing an ITIL based service management process across the Helpdesk, Field Support and Server Maintenance teams.</p>	<p>The infrastructure manager believes that newly purchased software that has ITIL functionality will allow the team to be more efficient and provide a better quality of service.</p> <p>At this stage the manager is unable to quantify the amount of savings which may be realised as services levels are not currently define. However in our experience the introduction of an ITIL based service management process is likely to generate numerous cost savings.</p>	<p>Not possible to determine at this stage.</p>	<p>Currently an in-house lotus notes database is used for workflow. New software has just been purchased which can support ITIL based processes. This software will also record performance allowing the team to monitor its level of service.</p>	<p>Moderate</p>
<p>14. IT Contract staff</p> <p>Numerous, high-cost contractors currently fill positions within the Applications area – where possible as many as possible of the non-project staff should be offered permanent roles. It may also be appropriate to maintain a small project team of permanent staff given that there appears to be continual project work.</p>	<p>Approximately \$20,000 per annum per Helpdesk and \$40,000 per annum per technical support contractor could be saved if contractors were to become permanent staff.</p> <p>Assumes that all 5 helpdesk contractors become permanents and that all 3 technical support group staff become permanents.</p>	<p>\$100,000 helpdesk staff. \$120,000 technical support staff.</p>	<p>The cost of contract staff is significantly higher than that of FTE's. Although in some cases it may be appropriate to resource project work with contract staff, it is more appropriate to resource ongoing tasks with permanent staff.</p>	<p>Hard</p>

Our Recommendations

Applications

Description	Benefits	Potential cost saving	Rationale	Ease
<p>15. Only employ resources to meet BAU requirements</p> <p>A high percentage (75%) of the Applications team spend a significant amount of time (50%) working on projects for the FMC and / or FCA.</p> <p>Once projects are completed these team members are sometimes absorbed into the day to day work of the BAU even though whilst projects are in progress the BAU workload can be managed with a reduced headcount.</p> <p>We recommend that this is investigated further and quantified.</p> <p>We understand that action has already been taken to address this situation and recommend that the situation should continue to be closely monitored.</p>	<p>If additional resources are required for project work they should be recruited on a contract basis to work exclusively towards the delivery of the Project and released once the Project is completed, not held over until the next Project. This should be closely monitored and should ensure that contractor costs are contained.</p>	<p>Unsure requires further investigation and quantification but cost savings could be quite high given that technical contractors are able to command rates of up to \$100 per hour.</p>	<p>The Executive Director, IC&TS has indicated that the day to day operations of the BAU could be sustained with 4 resources – 25% of the current headcount.</p> <p>Contractors should only be engaged during Project periods.</p>	<p>Moderate</p>

Our Recommendations

Property and contracts

Description	Benefits	Potential cost saving	Rationale	Ease
<p>16. Leased property rationalisation</p> <p>The accommodation requirements should be reviewed and as many Registries and Circuit locations as possible should be relocated to existing Legal buildings (i.e.: State Courts) Existing locations should be reviewed to ensure that all space is being efficiently utilised. Where possible excess space should be sub-let.</p>	<p>Reduction in operating budget.</p> <p>Reduction in vendor management effort.</p>	<p>Approximately \$250,000 per annum.</p>	<p>In some regional Registries where there are low staff numbers and infrequent circuit sittings the size of the leased properties are well in excess of their requirements.</p>	<p>Moderate</p>
<p>17. Property and contracts team</p> <p>There are currently 3 contracts staff and 3 property staff plus an EL2 manager.</p> <p>This may not be the most effective use of resources or the optimal structure.</p> <p>The team could be split removing the need for an extra 1 FTE manager over the two sections and enabling staff to have greater focus on their particular area.</p>	<p>More effective and efficient use of resources.</p> <p>Reduction of 1 FTE (EL2 level)</p>	<p>\$90,000</p>	<p>The current structure may not be the most effective use of resources or the optimal structure.</p> <p>There are few advantages from the property and contracts functions being managed together.</p>	<p>Moderate</p>
<p>18. Implementation of e-workflow</p> <p>The implementation of e-workflow needs to be given higher priority and if required change management expertise should be engaged to assist with the necessary culture change.</p>	<p>Efficiencies in the financial management system within the Court.</p> <p>Reduction of 0.25 FTE APS4.</p>	<p>\$20,000</p>	<p>There are many efficiency savings that could be realised from the implementation of e-workflow throughout the organisation.</p>	<p>Moderate</p>

Our Recommendations

Budgets and business improvements

Description	Benefits	Potential cost saving	Rationale	Ease
19. Asset Replacement Program The FCoA needs to have a greater focus on an asset replacement program.	Planned regular replacement of assets reduces the risk of unforeseen expenditure on maintenance.	Not able to be quantified at this stage.	Capital funds go unspent.	Easy
20. Risk team rationalisation Reduce the risk management team to one FTE.	Salary and on-costs of one FTE.	\$100,000	The risk framework development is now complete and the current level of resources will not be required going forward.	Easy

Information management

Description	Benefits	Potential cost saving	Rationale	Ease
21. Restructure of Information management Implement the proposed restructure of the information management section.	More effective operation of team.	Not able to be quantified at this stage.	The reporting structure within the information management section could be improved.	Easy

Our Recommendations

Legal counsel

Description	Benefits	Potential cost saving	Rationale	Ease
<p>22. Legal Counsel</p> <p>The FCoA's requirements for Legal Counsel need to be reviewed and defined. It then needs to be considered whether this role is best serviced internally or whether it would be beneficial to outsource the services required to a legal firm.</p>	<p>By defining the requirements internal users will have a clear understanding of what work is to go to Legal Counsel and what work should go to the Principal Registrar.</p> <p>Dependent on the nature, volume and regularity of the work there is potentially cost savings should the cost of the legal advice that will need to be sought from law firms be less than the cost of employing a full-time resource</p>	<p>Not possible to assess until a review is completed.</p>	<p>The provision of the service should be reviewed as it may be more effective and efficient to obtain Legal Counsel through an outsource arrangement.</p>	<p>Moderate</p>

Our Recommendations

Complaints management

Description	Benefits	Potential cost saving	Rationale	Ease
<p>23. Complaints Management to Communications</p> <p>The Complaints Management function could be absorbed into the Communications team.</p>	<p>Increase in consistency and relevance of Court external communication.</p> <p>Possible reduction of 0.2 FTE.</p>	<p>Salary and on-costs \$20,000.</p>	<p>The complaints role is currently performed by 0.8 FTE role who works alone. There are numerous synergies that could be achieved with respect to standard responses and contact with Registry Mgrs. The more routine tasks of the complaints function could possibly be performed by some of the lower grade staff in the communications team.</p>	<p>Moderate</p>

Our Recommendations

Finance

Description	Benefits	Potential cost saving	Rationale	Ease
<p>24. Utilise all functionality</p> <p>Not all the functions available within various business applications are being used (e.g. Finance One and Aurion). This needs to be reviewed and where appropriate more functions used / switched on (e.g. request for form and publication reordering should be put on line).</p>	Increased efficiency.	Not able to be quantified at this stage.	Not all the functions available within various business applications are being used. This may be leading to duplication, the creation of shadow systems and non-value adding processes being performed.	Moderate