



STAFF REPORT

DEPARTMENT/FUNCTION: Administration

CHAIR: Councillor G. Canning

DATE: April 24, 2017

REPORT NO.: CAO-2017-10 Midland Forward – Service Delivery Review

RECOMMENDATION:

THAT Council receives Report CAO-2017-10 dated April 24, 2017 and endorses the Service Delivery Review program as presented; and

THAT the Clerk be Authorized to advertise for interested Community Members to participate on an short-term basis (approx. 6 months) on the Community Service Delivery Advisory Committee as outlined in the report; and

THAT Council consider the appointment of 2 Members of Council to the Community Services Delivery Advisory Committee with one of the Council Members serving as the Chair of the Committee; and

FURTHER THAT Council consider the appointment of 2 Members of Council to serve on the Service Review Steering Committee.

BACKGROUND:

The CAO presented his report “MIDLAND FORWARD” in the last quarter of 2016, wherein several key initiatives were identified for Council’s future consideration. Progress is advancing on several of those initiatives, and there appears to be a momentum beginning to take hold within the organization.

Our 2017 Budget process which was a significant departure from previous budget exercises provided a glimpse into the resilience and ability of the organization and Council to embrace change.

Several impediments have resulted in a delay to the Service Delivery Review project. Firstly, we have been engaged in the 2017 budget initiative that has consumed a significant amount of existing staff resources. Secondly, we have had two key employee recruitment processes underway which are critical to advancing the project. The selection of the two successful candidates and allowing them to acclimate to their new roles will coincide with the launch of the Service Delivery Review.

Council will recall the efforts of the 2012 KPMG study that resulted in a number of recommendations identifying the potential for annual costs savings in the magnitude of approximately \$800k. Council responded to some of these recommendations and included them as part of your strategic planning priorities. A separate report will be addressing the updated Council Strategic Priorities for the balance of the term of Council.

So why now a Service Delivery Review program when the KPMG study was undertaken a few years ago?

The simple answer is that the KPMG process was largely driven on the premise of cost reductions and NOT on service levels or outcomes. Municipalities are in large part service providers (*look no further than our Mission Statement – why we exist*), whether the service entails the delivery of a marriage license, snow plowing, salting and sanding roads, providing recreational opportunities by renting out ice time, tennis courts, or community centres, our focus is and has always been about providing the services that the community requests. Some of the services we provide are mandated by legislation others are totally discretionary. Regardless of the nature of the service – once Council determines that the service is to be provided – a service delivery review should answer the question – Are we providing the appropriate resources to deliver the services that the public wants and needs?

Service Delivery provides the municipality with the opportunity to respond to various and often competing demands for services and programs which create budgetary and fiscal pressures. The opportunity that Service Delivery Review provides includes: improvements to services and outcomes; opportunity to address customer demands; enhance and address process improvements; address financial pressures through cost avoidance and/or reductions and identification of revenue opportunities.

HOW WILL SERVICE DELIVERY REVIEW WORK?

To be effective, the service delivery review will need to cross all boundaries and departments and examine the municipal framework from an outcome based approach vs. the historic departmental or silo thinking. The focus will be on setting priorities and making choices (*at times difficult ones*) given declining revenues and limited resources. The exercise will look at opportunities to reduce costs of delivery while maintaining or improving services and service levels.

How will that be accomplished?

Essentially through a disciplined approach to asking questions and making decisions based upon the desired outcomes. Some of the questions we will be asking include:

- Is this service legislative, foundational (corporate) or discretionary?
- Do we really need to be in the business of delivering this service?
- What do our citizens expect of this service? What are the outcomes?
- What are the current performance standards? Are they adequate?
- What is the demand for the service? How effectively are we managing that demand? What are the benefits of the service?

- How are we currently monitoring services, outcomes and performance?
- What are the full (true) costs of the service?
- Are there alternative ways in which to deliver the service?
- Are there opportunities to reduce the costs of the service?
- How would the changes to the service levels be managed and communicated to the users?
- Are there any services being demanded which we are not currently providing? What are the potential costs? Revenues?
- Are there demographic trends in the community which will be impacting any of our services in the foreseeable future?
How will a long-term view of the services impact future investment requirements (infrastructure, services, etc)?

ANALYSIS:

Moving forward with a Service Delivery Review Project (SDRP) is a critical piece to the overall objectives outlined in the MIDLAND FORWARD report. Understanding Council's long-standing objective for fiscal discipline prompted a significant change in the 2017 Budget process. The shift in emphasis toward a greater level of activity based costing was prompted by both the desire for greater overall transparency but also to aid in the next phase of organizational change in helping us to identify the true cost of our services.

Who will lead the Service Delivery Review Project?

Given Council's strong desire to make strides in both the areas of financial oversight and the need to improve operational performance, the SDRP is an excellent opportunity to accomplish both overarching strategic objectives.

The Town has engaged the services of WSCS Consulting Inc. to lead the Service Delivery Review Project. WSCS Consulting Inc., team is led by Ms. Tammy Carruthers, former Director of Finance and IT/Treasurer of the County of Lanark. In addition, Ms. Carruthers also has Provincial and Federal Government experience with the Ontario Ministries of Labour, Housing and Municipal Affairs and Federally with the Treasury Board Secretariat. The WSCS team has lead a number of business process mapping and transformation projects, service delivery reviews, asset management planning, tangible capital asset management and valuation exercises, and lean six sigma training. The consulting team has undertaken several service delivery/business process reviews in many small to large municipalities resulting in improved levels of service, cost reductions while attaining improved customer and employee satisfaction. Outside of her professional accounting designation, Ms. Carruthers is also a Certified Fraud Examiner, a Quality Service Assessor with the National Quality Institute, and a Certified Systems Information Auditor. Ms. Carruthers and her team are well qualified to take on this assignment but what is perhaps more significant to our efforts to raise the bar in across the corporation will be the opportunity to engage the project team in "lean six sigma" training following the completion of the service delivery review project. The Chief Administrative Officer will be examining how best to introduce an in-house practice of continuous improvement and to build both the knowledge and capacity of the organization moving forward. The lean six sigma considerations will be addressed in a future report.

How will this process unfold?

The project is intended to run 5-6 months. There are several phases to the project which are outlined below:

<p>PHASE 1: Information Gathering and Project Planning Phase</p> <p>Financial and Operational Performance Analysis and Municipal Service Plans review: (First month)</p>	<p>Undertake an examination of Midland's Organizational structures, the nature of the current accountability framework, review key performance indicators, examine budget, strategic plan and other planning instruments,</p> <p>Review current service level standards, gather input respecting customer demand assessments etc...</p>
<p>PHASE 2: Execution Phase</p> <p>Various consultations and interviews would be held to establish benchmarking and desired outcomes for each of the services provided.</p>	<p>Included in this phase will be meetings with key stakeholders (Council, Committee, SDR project team; Community Service Delivery Advisory Group). There will be an effort to examine how our organization compares to others or against a set of desired outcomes</p> <p>This phase includes pulling together all of the pertinent details of the service (including descriptions, policies, costs, fees, roles, service providers, assets, technology, crossover points between departments/service areas, connection to strategic plan, service demands, user profiles, satisfaction details, expectations related to outcomes, etc...)</p> <p>All of this analysis leading up to a gap analysis of each of the services.</p>
<p>PHASE 3: Draft Report Phase</p>	<p>Based upon the analysis and research a draft report would be prepared setting out a series of proposed opportunities. The document would be discussed with the stakeholders to identify the range of options which would entail implications respecting services, resource alignment, role clarification, policy and procedure improvement opportunities, streamlining and productivity improvements, and financial considerations. Following receipt of any feedback and fine tuning the consultant would prepare a final report.</p>

PHASE 4: Final Report Phase	A final report would be submitted outlining: <ul style="list-style-type: none"> ✓ Recommended Service Changes (<i>including Costs &/or Savings</i>) ✓ Recommended Policy and Procedure Changes ✓ Change Management – Implementation Plan
------------------------------------	---

Administration is proposing that two specific committees be established. The first being a Steering Committee comprised of 2 Members of Council along with the CAO (as the Project Sponsor) plus 5 Staff Members, all of which would be assigned by the CAO. The staff membership of the Steering Committee would be comprised of the CAO as the Project Sponsor and Chair of the Steering Committee, one director level position, one non-unionized employee, and three front line employees representing the broad range of the unionized work force of the corporation. Every effort will be made to recruit volunteers to the Steering Committee ensuring that the composition of the employees covers a broad representation across the corporation. The role of the Steering committee is to provide overall guidance and direction to the consultants from the outset through to the end of the final report and presentation to Council. The Steering Committee will set the stage for developing the final work plan, review the key objectives and ensure these are consistent with the “Midland” context, review the methodology, undertake and oversee the communications plan, be the conduit to access the various supporting documents, policies, procedures and reports, and to provide objective feedback upon receipt of the draft report to ensure that the overall objectives of the Service Delivery Review has been addressed.

A second committee would be established as the Community Service Delivery Advisory Committee. It is proposed that the Clerk would advertise for public representation to the committee with the view of ensuring a broad range of community interests. The purpose of the Advisory Committee would be to provide input with respect to identification of service-related concern, performance expectations, offering insight into service improvements, assist with and identify potential user profiles, impacts to service levels, assess fees and charges impacting potential users, offer up objective assessments resecting service level satisfaction, etc... Utilizing a public advisory committee supplemented with two Council Members should offer significant and valued feedback as it relates to the municipal services provided for by the municipality. As part of this exercise, we are recommending that the Town advertise for interested community members to participate on the Advisory Committee.

FINANCIAL AND SUSTAINABILITY IMPACT:

The cost to undertake the Service Delivery Service Review is anticipated to be in the range of \$40,000 – 45,000 inclusive of HST. The funds were originally identified in Council’s strategic priorities in 2016 and are carried forward from the 2016 budget sufficient to launch the initiative.

Our neighbouring municipality, the Town of Penetanguishene is planning a similar initiative. Should they consider a similar exercise and join the Town of Midland in the exercise there is a possibility that the two communities could partner in the exercise and achieve a costs savings. Further discussions are ensuing between the respective CAO's to see if other synergies can be determined which would be of mutual benefit to our respective organizations.

COUNCIL'S STRATEGIC PLANNING PRIORITIES:

There are several strategic priorities within the area of Organizational Excellence that touch upon the purpose for this initiative.

Strategic Action: Broad Fiscal Direction by Council To Reduce Taxes. Reduce Taxes
Strategic Action: Municipal Review & Restructuring through the creation of a Municipal Business Plan
Strategic Action: Transformative Government & Governance. Is there a new role for the Town of Midland related to service delivery? How can the Town transform and transition itself from a provider of services to a facilitator of services? Provide leverage to assist with sources of funding.
Strategic Action: Core Service Review Assess our core services and develop an Organizational Excellence Strategy that focuses on doing things right and doing the right things.

CONCLUSIONS:

As Council is aware, the concept for a full service delivery review has been a priority since taking office in late 2014. The opportunities to engage the community in the exercise is a key element of Council's overall desire for broader community engagement. Once the final report is developed, Council would have the opportunity to provide further input prior to adopting and moving forward with any changes to services. However, the timing for the project is ideal, as it would enable staff to incorporate changes in time for the development of the 2018 budget. A key underlying objective for the CAO is the opportunity to fully engage the organization through the service delivery review project, build new skills within the corporation and foster and encourage the development of a new corporate culture which supports organizational excellence and innovation. In keeping with the MIDLAND FORWARD report, Council is encouraged to support the proposed Service Delivery Review Project.

Prepared by: John Skorobohacz, CAO