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Final Report

Northumberland County Service
Delivery Review

December 2020

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Summary of Findings and Recommendations

Project Background

In July 2020, Northumberland County engaged StrategyCorp to undertake a service delivery review in the context of the Province's Municipal Modernization Program. The County identified nine high-potential service areas within the County's operations and administration to identify efficiencies and where savings may be reinvested to meet demand or modernize service delivery. Social and health services, such as Long-Term Care Services, Ambulance and Paramedic Services, and Community Services and Support, were deemed out of scope for this review.

Strategic Plan 2019-2023

In 2019, Northumberland County launched its 2019 – 2023 Strategic Plan. In it, County Council committed to organizational improvement through its strategic priority, **Leadership in Change.** Its objectives include:

- The County's commitment to continuous improvement, and finding innovative ways to improve service delivery;

- The importance to staff of identifying and actioning opportunities to develop, train, and recruit as part of prudent succession planning; and

- Exploring opportunities for new or improved voluntary shared services to reinforce collaboration amongst the County, its member municipalities, and local organizations.

Service Delivery Review RFP

The County secured funding through the Municipal Modernization Program to advance its **Leadership in Change** objectives through a service delivery review (SDR), whose purpose was two-fold:

1. **Staffing Level Reviews:** To identify internal resourcing gaps based on internal and external demand; and

2. **External Service Review:** To assess current cost recovery strategies for shared services and recommend new strategies to recover the full cost of service.

Two secondary objectives include:

1. Identifying service delivery or process improvement opportunities; and

2. Assessing the utility of hiring full-time, cross-functional Transportation-Waste-Facilities (TWF) staff to replace the current practice of hiring seasonal staff and contractors.

Staffing Level Reviews: Our Approach and Methodology

Internal Staffing Reviews

StrategyCorp reviewed the services listed below to assess:

- Current demand for the services at the County, and where applicable, at member municipalities, and other customers, and
- Appropriateness of staffing levels to meet demand
- Possible resourcing gaps/alternative staffing models:

• **Facilities**	• **Asset Management**
• **GIS**	• **Communications**
• **Corporate Services**	• **Information Technology**
• **Finance/Court Services**	

StrategyCorp also assessed the **business case** for consolidating part-time responsibilities in the Transportation, Waste, and Facilities Department into **full-time, cross-functional staff**.

Through this process, StrategyCorp also identified process improvement opportunities that could lead to productivity savings.

Our Methodology

StrategyCorp approached the internal staffing reviews using an "input to output" methodology.

Volume Driver → Costs + Processes → Service Levels (Output + Quality)
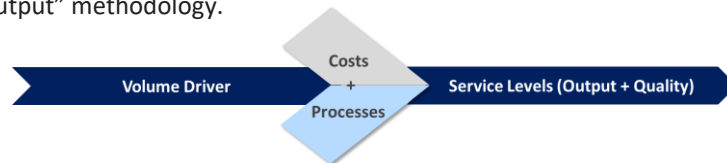
- **We identified** what drove or determined the amount of work staff have. In other words, what were the service's "demand drivers" --e.g. legislated standards, County bylaws, ad-hoc requests, etc.
- **We assessed** what the service outputs were and the customers' perception of the quality of that service.
- **We reviewed** the processes the County to took to get from demand to service output along with the cost staff to produce those outputs.

These inputs provided us an understanding of the current state and any resourcing gaps to meet current demand. Using quantitative and qualitative projections, we assessed future service demand and recommended staffing levels to meet that demand.

Staffing Level Reviews: Evaluative Criteria

For each of the staffing level reviews, we assessed recommendations against 6 evaluative criteria

Implementation Cost: How much would implementation cost the County?

Financial Benefit: Are there financial benefits in terms of new savings, staff time efficiencies, or additional revenue?

Service Level Impact: What is the impact on service levels?

Risks and Sensitivities: How will stakeholders respond? How will this affect staff?

Implementation Considerations: What should to County consider when implementing?

Value for Money: What is the overall business case for the recommendations?

All recommendations reflect a holistic balance of these criteria.

# Staffing Level Review: The Importance of Service Level Policies

Service level policies function as "north stars" for prioritization and workload management.

Corporate service level policy can be informed by many inputs.

- Legislative compliance (*"we must…"*)
- Best practice *("we should..")*
- Political will/community priority *("we want")*
- Affordability *("we can afford to…")*
- Risk avoidance *("we better make sure we…")*
- *Etc.*

It is common for there to be gaps in corporate service level policies.

Many of the inputs described above change. Evolution in service delivery constantly creates new challenges (requiring new policy) or changing priorities (opening up gaps in existing policy).
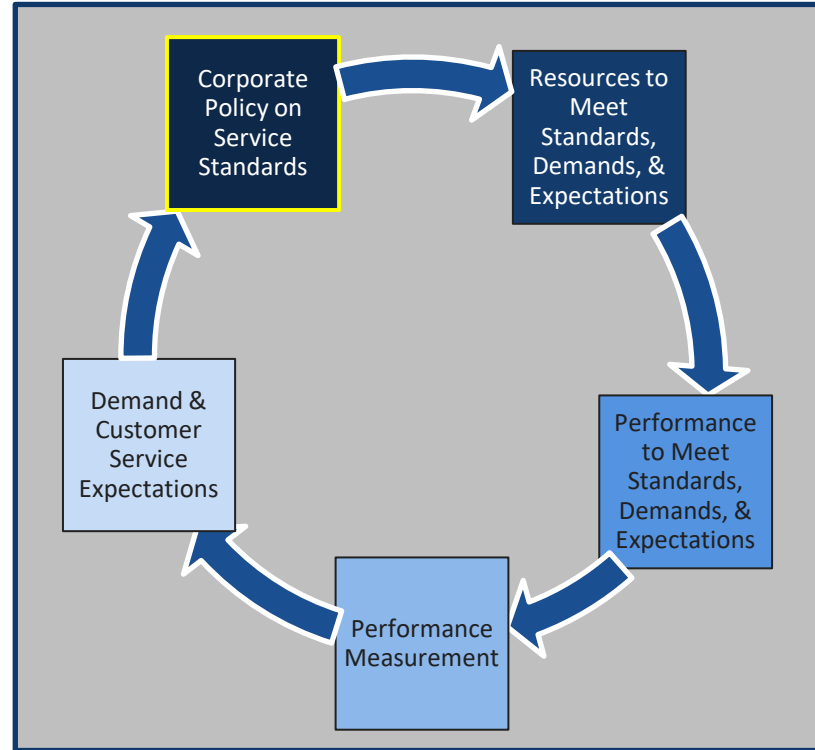
If policy does not drive decision-making on service levels, other factors do instead.

In public service generally, (and not just Northumberland County!), where service levels are not defined by policy, to guide their efforts, staff tend to rely on:

- "Subjective" assessments of customer expectation (*"it's what they expect"*);
- Professionalism (*"it is what I would expect"*); and,
- Budgets (*"it is what we can manage to do with what we have"*)

Performance Measurement:

In order to keep long-term policies aligned with annual budgets and the realities of "on-the ground" delivery, it is essential to have effective tools for performance management.

Corporate Policy on Service Standards → Resources to Meet Standards, Demands, & Expectations → Performance to Meet Standards, Demands, & Expectations → Performance Measurement → Demand & Customer Service Expectations → (back to Corporate Policy on Service Standards)

Staffing Level Review: Corporate-Wide Findings

Through this process, a number of observations—and, subsequently, some corporate-wide recommendations—emerged that should serve as a frame the entirety of the staffing level review:

1 **There is a high degree of satisfaction with internal service delivery.** In each of the areas of review, staff and stakeholders indicated a high degree of satisfaction with the quality and speed of service delivery. The primary issues identified related to the ability to manage growing demands while maintaining quality.

2 **Demand for services is significant and growing.** Each of operating areas reviewed in this report faces demands for service that exceed (at least to some extent) the available resources, driven by both the changing operating environment and the quality of services provided. They also face pressures for increased service, either in volume, scope, or both.

3 **Gaps in service level policy present challenges in managing service levels.** For many of the areas reviewed, the County would benefit from new policies (to fill gaps) or updated policies (to reflect emerging realities) that set current service level expectations, which would in turn be matched to budgets (and staffing levels) and performance managed to ensure value for money.

4 **Filling the service level policy gap would benefit management and staff.** Based on our observations, managers and staff are burdened by (1) the pressure to meet current and expected service level demands, and (2) the challenge of prioritize work or communicate expectations to service customers. Updating policy would help resolve these pressures and lead to updated standards, demands, and expectations.

Where there is existing service level policy, we have used it to anchor our assessment of the sufficiency of the service.

Where there are gaps in policy, or where policy is out of date, we provide an overview of (1) whether or not the current staffing levels are meeting current demand and (2) an assessment of whether or not service demands are increasing or decreasing.

External Service Review: Our Approach and Methodology

Cost Recovery Reviews

StrategyCorp reviewed the five shared services listed below to assess the current cost recovery strategies to identify whether or not the services were fully recovering costs and, if not, to recommend updated cost recovery strategies.

- **Information Technology**
- **Human Resources**
- **Surface Treatment**
- **GIS**
- **Purchasing Services**

Our Methodology

Cost recovery methodology review: StrategyCorp reviewed (1) the assumptions used in the cost recovery methodologies and (2) the scope of expenses that are charged back to the service customers to assess whether or not costs could be fully recovered based on the methodology.

Budgeting data: StrategyCorp reviewed budgeting data to assess the actual impact of the cost recovery strategies on departmental budgets.

Evaluative Criteria

Most of the cost recovery reviews for shared services resulted in updated hourly rates to fully recover the costs of the service. In some cases, StrategyCorp identified a number of new cost recovery strategies the County could use for specific shared services. These strategies were assessed according to the following framework:

Cost Recovery: Is the current formula fully recovering cost-of-delivery?

Resource Sufficiency: Are there sufficient resources to meet external service commitments under the model?

Feasibility: Does the County have information and tools to implement an alternative approach?

Stakeholder Sensitivities: How will stakeholders respond?

Equity: Is the approach fair to recipients, the County, and taxpayers?

Implementation: What should the County consider when implementing?

External Service Review: Corporate-Wide Findings

There were a number of themes that emerged related to the overall state of external service delivery:

1   **The County's current cost-recovery strategies do not fully recover direct and indirect costs of external service delivery.** Across all reviewed areas, the current cost-recovery formula and approach underestimates the total cost to the County of service delivery to external partners, particularly when accounting for available staff resources, management effort, and investments required to maintain and scale services in line with demand.

2   **Under the current cost-recovery approach, the County is subsidizing the cost of delivery for external partners**. This means that growth in service delivery does not pay for itself, and additional shared service delivery incurs additional bottom-line cost to the County that impacts financial and operational resources available for other priorities.

3   **The County's shared services are highly regarded, and there is growing demand.** Overall, the perception from partner municipalities and organizations on the County's shared services is widely positive, and there is a growing demand from both existing and new partner organizations for additional service provision. This is evidenced in the growing number of ad hoc requests for service, outside of managed service agreements, which are currently placing a strain on County resources to deliver.

4   **Continuous improvement in planning and performance measurement can offset some of the impact of growing demands:** There are a number of opportunities for the County to better manage existing and future external service demands, including an improved accounting for total number of available work hours to support external partners, increased accounting for work hours expended by management, and policies governing the prioritization of service requests.

For current managed service agreements: We assessed the extent to which current pricing and agreement structures accounted for the full, true cost of service delivery, and identified recommendations to better address any deficits and improve transparency in the cost to deliver these services.

For ad-hoc services requested outside the scope of MSAs: We assessed the impact of those services on internal operations and current MSAs and recommended approaches to recover costs and manage these service demands.

Recommendations: Framework

Each of the recommendations contained within this report were considered within the context of the framework below. It was developed to reflect the goals and objectives of County Council, senior leadership, and staff.

StrategyCorp's engagement with County Council yielded four themes:

- **Value for money:** the County is always looking for opportunities to be as efficient as possible in-service delivery, particularly for back-office functions.

- **Operational sustainability:** Sustainable growth is key to meeting or exceeding service objectives.

- **Fairness:** Voluntary shared services are a great way to deliver best-in-class services to residents, but the costs to deliver these services should be fully recovered.

- **Improving services:** the County is committed to strengthening staff capacity to maintain service quality.

From these four themes, we derived these four categories of recommendation

Value for Money

Through process improvements, the County could yield operational efficiencies, realize both dark and light green dollar savings, and improve service delivery for staff and customers. These recommendations inherently support the County's commitment to continuous improvement.

Operational Sustainability

To address critical capacity gaps and resourcing constraints that make it challenging to meet service level expectations, or where current and future demands for service cannot be met, these recommendations suggest investment by the County for near-term consideration.

Fairness

To recommend enhanced cost recovery strategies or models for shared services to strengthen accountability and transparency between the cost to deliver a service and its value to customers and residents.

Improving Services

Investments in internal capacity could improve service delivery methods, quality, or efficiency, or increase service levels to meet internal and external demands. Alternatively, clearly defined service levels could help address gaps in meeting these demands for service.

Recommendations: Summary (1/2)

① Changes that would bring net savings	② Changes that would bring net new revenue	③ Changes needed for sustainability
Value for Money	**Fairness**	**Operational Sustainability**
Replacing contractors with in house services in facilities and legal (5 FTE) would improve service and be **self-financing**.	New strategies to ensure full cost pricing of services to third parties would address current under-pricing of purchasing, HR, IT, and GIS.	To resolve current operational gaps in Facilities, GIS, TWF, Corporate Services, and IT, the County should hire/restructure 5 - 6.5 FTES.
Net $22-94k savings, $186k productivity savings, and $35k in new revenue	Net $96k-$174k new revenue	Additional spend of $398k - $536k, offset by $17K-$37.5k in savings, $43k in productivity savings, & $19k-$38.5k in new revenue

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Recommendations: Summary (2/2)

4 **Longer term, optional investments that would improve service gaps**

Improving Services

We also identified other longer term pressures in:
- Facilities,
- Asset Management,
- Human Resources, and
- Communications

Which could be resolved with additional staff and new service models over time.

Up to $740k in optional investments, leading to $14k in direct savings and $16k in productivity savings

- **Demand for service in these areas currently exceeds staff capacity to deliver. This creates risk to service quality and challenges for staff in managing workloads.** The County could address this challenge in one of two ways:

  1 Invest in these services to address the current and projected service gaps.

  2 Developing corporate service level policies that match service levels to current staff capacity. In some cases, this may result in lower service levels than the current status quo.

- Given this, these recommendations are a choice between increasing service levels or maintaining/decreasing service levels.

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Recommendations (1/5)

Department Summary and Recommendations	Value	Sustain	Fairness	Improve
Facilities Department *There is a business case for the Facilities Department to offset external contractor costs and reduce the burden of deferred maintenance costs by taking a more proactive in-house approach to facilities maintenance.*				
Recommendation: Achieve net savings by taking contracted maintenance work in house – up to 4 FTEs	X			
Recommendation: Improve inventory management	X			
Recommendation: Improve work order request process	X			
Recommendation: Address unmet demand by hiring 1 FTE supervisor in Facilities Management		X		
Recommendation: Longer term, growing asset inventory projected to need 3 additional facilities staff				X
GIS *GIS needs are increasing across the County and member municipalities, in part because of the high quality of work from the GIS team. Additional staff and process improvements can help meet the current resourcing gap, and an updated hourly rate is needed to fully recover costs.*				
Recommendation: Implement standardized processes for receiving parcel fabric data	X			
Recommendation: Implement standardized processes for receiving asset updates	X			
Recommendation: Implement standardized processes for receiving work order requests	X			
Recommendation: Implement standardized processes for updating websites	X			
Recommendation: Implement a policy of requiring that surveys be sent in CAD form when possible	X			

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Recommendations (2/5)

Department Summary and Recommendations	Value	Sustain	Fairness	Improve
Recommendation: Hire 1 FTE to address current unmet service demands		X		
Recommendation: Implement an updated hourly rate to fully recover costs			X	
Asset Management *As the County elevates asset management to a higher strategic priority, it will likely need dedicated staff to support this function.*				
Recommendation: Longer term, an increase in asset management staff is projected to meet growing need				X
Surface Treatment *The demand for surface treatment has grown among member municipalities, but the County has limited capacity to add more kilometres. Additionally, the County could better recover costs for this service with an updated cost recovery strategy, especially for fleet and equipment.*				
Recommendation: Implement a managed service agreement for this service			X	
Recommendation: Update the cost recovery strategy to ensure full cost recovery			X	
Cross-Functional TWF Staff *The significant turnover of seasonal winter roads maintenance staff results in high turnover costs and puts safety and compliance risks on the County.*				
Recommendation: Convert 1 to 4 winter road maintenance staff to full-time Operator Level 1 employees		X		

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Recommendations (3/5)

Department Summary and Recommendations	Value	Sustain	Fairness	Improve
Corporate Services *The Department can address capacity gaps and support succession planning by reassigning roles and responsibilities, implementing process improvements, and strengthening staff capacity.*				
Human Resources/Payroll - Recommendation: Reassign roles and responsibilities to address capacity gaps at the managerial level and support knowledge transfer and succession planning.	X			
Human Resources/Payroll - Recommendation: Conduct trainings on timesheet entry to prevent manual corrections.	X			
Human Resources/Payroll - Recommendation: Develop templated documents to streamline approval processes.	X			
Human Resources/Payroll - Recommendation: Hire Lean Coordinator to continue scale and scope of the County's Lean and continuous improvement program.				X
Human Resources/Payroll – Recommendation: Update the current hourly rate to support full cost recovery			X	
Legislative Services - Recommendation: Address current resourcing gap by transitioning to full-time Deputy Clerk		X		
Health, Safety, and Emergency Planning - Recommendation: Retain an additional Administrative support (0.5 FTE) to improve staff productivity and help meet current and future service demand		X		

Recommendations (4/5)

Department Summary and Recommendations	Value	Sustain	Fairness	Improve
Natural and Cultural Heritage – Recommendation: Develop volunteer program for low-risk trail functions	X			
Natural and Cultural Heritage – Recommendation: Conduct records management training	X			
Information Technology *Demand for IT services has grown and the department requires a proactive approach to managing assets and personnel. To meet current and anticipated demand additional resources are required and could be paid for by modernizing cost recovery methodologies for shared service agreements.*				
Recommendation: Implement a scheduled cross-training curriculum.	X			
Recommendation: Document best practices for IT infrastructure set-up.	X			
Recommendation: Implement up-to-date tools to harmonize user management systems	X			
Recommendation: Hire 1 FTE to fill the current resourcing gap		X		
Recommendation: Implement one of four new cost recovery strategies to fully recover IT costs			X	
Communications *The department high demand and is a resource used by almost every department in the organization. Demand is anticipated to rise over the next 1-3 years.*				
Recommendation: Implement an intake form and prioritization framework to streamline the request intake process.	X			
Recommendation: Hire 1 FTE to meet increasing/unmet service demand				X

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Recommendations (5/5)

Department Summary and Recommendations	Value	Sustain	Fairness	Improve
Tourism *Tourism seeks to pivot from a marketing role to one that facilitates infrastructure investments and collaboration between municipal and private sector partners.*				
Recommendation: Create a Northumberland County Tourism Alliance to promote partnerships	X			
Recommendation: Develop an integrated tourism strategy to support internal and external collaboration	X			
Financial Services – Court Services *Address projected increases in demands for municipal prosecutorial responsibilities by bringing legal services in-house.*				
Recommendation: Bring legal services in-house to reduce expenditures on external legal counsel and support succession planning	X			
Financial Services – Purchasing and Risk Management *Address capacity gaps and meet projected future demand through the redeployment of existing vacancies to this area.*				
Recommendation (Internal Services): Redeploy the existing vacancy in Finance Services to the Division to address resourcing gaps and offer shared services to interested member municipalities	X			
Recommendation (External Services): Formalize the existing shared service relationship through an MSA or a shared resource			X	

Appendix A: Financial Summary of Recommendations

Major Categories of Cost Savings

For the purposes of our analysis, we have identified three broad categories of cost savings:

New Revenues

New Revenues are **POTENTIAL INCREASED ANNUAL REVENUES**.

Common identifying features of New Revenues include:

- Creation of revenue-generating opportunities

- Focus on cost recoveries over cost savings

"Dark Green" Savings

"Dark Green" savings are **POTENTIAL DIRECT SAVINGS**.

Common identifying features of Dark Green cost savings include:

- Creation of tangible bottom line reductions

- Defined actions that are sourced from the profit and loss directly

- Process improvements that lead to cost and/or asset reductions

"Light Green" Savings

"Light Green" savings are **POTENTIAL PRODUCTIVITY GAINS**.

Common identifying features of Light Green cost savings include:

- Creation of improved productivity or positive changes in operations

- Creation of intangible cost avoidances

- Process improvements that over time can become cost savings

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Financial Impact of Recommendations (1/4)

	New Staff	New Costs/Year	Dark Green Savings	Light Green Savings	New Revenue
Facilities					
Bring 4 staff in-house to replace backfill contractors	4	$351,000	$370,000	-	-
Improve inventory management	-	-	-	$12,000	-
Improve work order processes	-	-	-	$14,000	-
Hire 1 facilities supervisor to address Manager capacity	1	$81,500	-	-	-
GIS					
Implement standardized processes for receiving parcel fabric data	-	-	-	-	-
Implement standardized processes for receiving asset updates	-	-	-	-	-
Implement standardized processes for updating websites	-	-	-	-	-
Implement ticket system for ad-hoc requests	-	-	-	$2,500	-
Require surveys in CAD files	-	-	-	$20,000	-
Hire 1 FTE to manage unmet need	1	$77,000	-	-	$19,250 - $38,500
Hourly rate increase from $46.99/hour to $56.66/hour	-	-	-	-	$15,900
Surface Treatment					
Implement managed service agreement	-	-	-	-	-
Updated cost recovery methodology	-	-	-	-	TBD

Financial Impact of Recommendations (2/4)

	New Staff	New Costs/Year	Dark Green Savings	Light Green Savings	New Revenue
Cross-Functional TWF Staff					
New Operator 1 positions	.5 – 2	$39,000 - $156,000	$16,900 - $37,500	-	-
Corporate Services					
Human Resources: Reassign roles and responsibilities	-	-	-	$24,800	-
Human Resources: Conduct timesheet entry trainings	-	-	-	$4,800	-
Human Resources: Develop templated documents	-	-	-	$2,700	-
Human Resources: Hourly rate increase of $0.66 - $4.52 depending on service, employee, and recipient	-	-	-	-	$10,300 - $13,500
Legislative Services: Approve Deputy Clerk position	1	$73,600 - $93,600	-	-	-
HSEP: Reassign roles and hire 0.5 FTE Administrative support	0.5	$25,900	-	$43,000	-
NCAM: Develop volunteer program for low-risk trail functions	-	-	-	$4,100	-
NCAM: Conduct records management training	-	-	-	$9,400	-
Information Technology					
Develop scheduled cross-training curriculum	-	-	-	$35,500	-

Financial Impact of Recommendations (3/4)

	New Staff	New Costs/Year	Dark Green Savings	Light Green Savings	New Revenue
Document best practices for IT infrastructure set-up	-	-	-	$16,300	-
Implement new tools to harmonize user management systems	-	-	-	$16,300	-
Hire 1 additional Technical Support Analyst	1	$101,500	-	-	-
Implement new cost recovery model	-	-	-	-	$60,000 – 120,000
Communications					
Implement intake request form	-	-	-	$23,500	-
Tourism					
Create a Northumberland County Tourism Alliance to promote partnerships	-	-	-	-	-
Develop an integrated tourism strategy to support internal and external collaboration	-	-	-	-	-
Financial Services – Court Services					
Bring legal services in-house and joint RFP	1	$9,000	$12,000 - $84,000	-	-

Financial Impact of Recommendations (4/4)

	New Staff	New Costs/Year	Dark Green Savings	Light Green Savings	New Revenue
Financial Services – Purchasing and Risk Management					
Deploy vacancy as Joint Purchasing Agent/Clerk	-	-	-	-	$35,000
Implement managed service agreement and/or new cost recovery models	-	-	-	-	$10,000 - $25,000
Total	**10 – 11.5**	**$757,900 - $895,500**	**$398,000 - $491,000**	**$228,000**	**$150,450 - $247,900**

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Financial Impact of Optional Recommendations – Improving Services

	New Staff	New Costs/Year	Dark Green Savings	Light Green Savings	New Revenue
Facilities					
Hire 3 facilities staff	3	$281,500	-	-	-
Asset Management					
Move towards a separate asset management function	1-3	$45,000 - $291,000	-	-	-
Corporate Services					
Human Resources: Hire 1 new FTE to continue County's Lean program	1	$83,400 - $99,400	-	-	-
Communications					
Hire 1 FTE to meet increasing demand	1	$68,000	$13,500	$15,700	-
Total	**6-8**	**$477,900 - $739,925**	**$13,500**	**$15,700**	**-**

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