



Final Report

Elgin County – Service Delivery Review

October 30, 2020



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Executive Summary

Summary of Scope and Results

Project Scope

Elgin County Council recently completed the first phase of their draft 2020-2022 Strategic Plan which identifies three priority areas including: Serving Elgin (to redesign how Elgin responds to community needs in a creative, sustainable way), Growing Elgin (to be the place where people want to live, work, and play), and Investing in Elgin (to make responsible financial decisions). This service delivery project is meant to support the implementation of the County's strategic plan by identifying opportunities for efficiency and program modernization.

While the current state report identified over 110 internal service and shared service improvements, this report contains twelve detailed, high-impact initiatives to improve internal County operations, increase local municipal partners (LMPs) collaboration, and build regional service models to decrease expenditures and/or improve service.

Results

\$3.7M

12 high-priority initiatives developed that reflect a minimum **\$3.7M in annual direct savings**. This represents more than 5% of operating budget savings using the 2019 budget, that can be achieved through changes implemented over a multi-year timeframe.



Five unique initiatives **to improve the relationship between the County and the LMPs and address key shared services** such as Roads, Development Services, Procurement, and Human Resources.



A **long-term strategy for Elgin's three care homes that will would achieve savings, maintain quality care**, and potentially make the assets more attractive for exploring partnerships with a non-municipal operator.

\$860K

Areas for staff productivity gains that together represent at minimum **\$860K in annual productivity gains**, as well as other qualitative productivity gains.



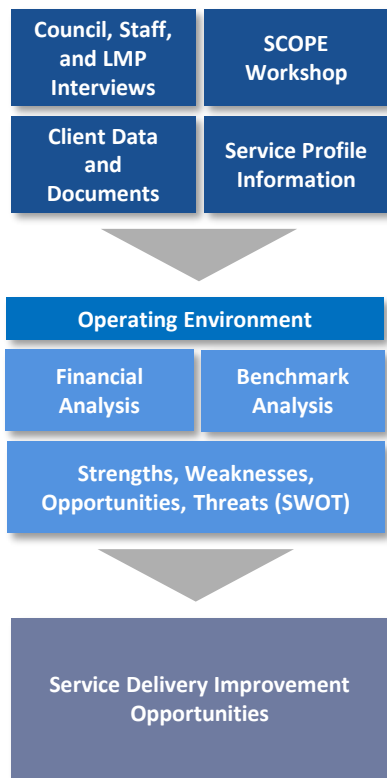
A **comprehensive redesign of organizational structures** that allows for increased capacity of senior staff and allows the organization to mature with these initiatives.



Prioritizing **IT services to improve County functions in the short-term** and leading digital transformation across Elgin County by increasing its scale.

The recommendations in this report are based on an analysis of initiatives identified by staff, supported by external research into leading practice and comparators. Estimates are indicative.

Current State Findings (1/2)



Throughout the Current State Assessment process, key themes emerged that informed our work to identify improvement opportunities:

Internal Operations

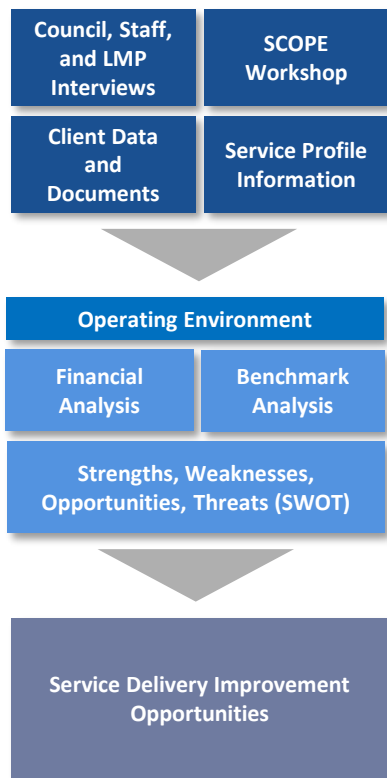
- **Strong leadership but suboptimal organizational design:** The County has strong leadership and management; however, the operational responsibilities and workloads may impede senior leadership from completing necessary strategic work that would improve the County's services.
- **Homes' operations and strategy must be addressed:** While the County celebrates its homes, there are key short-term issues (recruiting, scheduling, access to human resources and financial services) that need to be addressed. As well, the County does not have a long-term strategy to manage this large (costing the County approximately \$5M/year) and increasingly more expensive service.
- **Enabling innovation throughout the organization:** The County is seeing some departments embrace digital tools to improve service delivery faster than other departments. For instance, Finance has digitized and automated more processes compared to Human Resources. This prevents staff in certain paper-based areas to be less productive. This unequal digital transformation would be a result of the lack in digital strategy or roadmap for the organization.

Shared Services

- **Improving trust and large shared service will enable progress:** There is some hesitation from some LMPs to participate in future shared services due to perceived inequities in how some existing shared services (one example is roads) have been administered. For existing and future shared services to be embraced, improving the governance and enforcement of roads contracts is needed to improve the perception of fairness. Without this improved oversight for roads, it will be difficult to adopt other shared services. Moreover, the way in which all shared services are governed should be reevaluated to create more trust within the LMPs.

These and other current state findings support the development of implementable initiatives based on the resources and unique considerations for each community.

Current State Findings (2/2)



Shared Services Continued

- **Increasing the scale of shared IT service will improve its effectiveness:** IT is a somewhat successful shared service in that the two current clients are satisfied with the service. However, compared to other Counties, the number of participating communities (2/7) is relatively small. Many Counties have all or most communities participating in this shared service. This allows for improved service levels, larger economies of scale, and can enhance strategic coordination of similar IT infrastructure across communities – supporting more cooperation and integration. One key need is a stronger vision for IT in the County.
- **Collaborative purchasing can drive annual direct savings for the County and LMPs:** One area that is desired by all LMPs is purchasing support. As the County has recently acquired this service for internal operations, it understands the importance of this position. If this service was enhanced to support LMP purchasing, not only would LMPs receive access to this important service, coordinating purchasing across communities would be optimized. Though Elgin County and its LMPs participate in some purchasing collaboratives, collaborative purchasing is ad-hoc.
- **Improving land division and coordinating planning is an area of exploration:** Planning is an area that has been expressed as a needed shared service from both County staff and some smaller LMPs. Elgin would follow the example of the County of Frontenac that provides planning services on behalf of its smaller communities (North Frontenac, Central Frontenac, and Frontenac Islands). One area that should be included is a review of land division and its processes. This affects all communities and has been identified as suboptimal.
- **Supporting smaller LMPs:** Smaller LMPs would like more support from the County in areas like human resources and engineering advice. These are existing internal services would be offered to LMPs.

These and other current state findings support the development of implementable initiatives based on the resources and unique considerations for each community.

Project Scope

This Service Delivery was structured to improve the understanding of services currently provided by the County and assess and recommend opportunities to be more efficient and effective. Recommendations were categorized into two areas. First, recommend improvements to existing and needed shared services within and outside of the County. Secondly, recommend internal County service improvements with a focus on long-term care to improve effectiveness and efficiency. This report contains recommendations for both categories. The Current State Report contained a service-by-service evaluation.

For each initiative in the final report, we considered how the range of delivery options would satisfy a range of factors, including:

- ✓ The potential of a model to deliver cost savings and the materiality of those savings
- ✓ The existence of capacity to deliver (or the need to create new capacity) via in house or contracted services
- ✓ The ability of a model to continue to meet local service responsibilities and expectations and deliver on customer satisfaction
- ✓ The ability of a model to deliver appropriate accountability and policy leadership, without an undue burden on elected leaders or senior management
- ✓ The effect of a model on the existing workforce
- ✓ The benefits of shared services for the County, Local Municipal Partners, and neighbouring municipalities

Consistent with the terms of reference, this report does not consider overarching change to governance structures, such as amalgamation.

Summary of Improvements Categories

Based on our current state findings, we have identified twelve high-impact improvement initiatives. These initiatives fall under three categories to improve internal services and operations, shared service opportunities with Elgin's LMPs, and enhancing collaboration with the City of St. Thomas to have a regional approach for service delivery.



Internal Services and Operations

For the County to improve its internal operations, it must strategically address its care homes and take steps to mature the organization.

- The County subsidizes its three homes by \$5M annually. To achieve potential annual direct savings and maintain quality care, Elgin would address short term improvement opportunities and create a long-term strategy to decrease its homes' expenditure.
- Many processes are manual throughout the organization. In order for staff to be more productive and for the County to deliver resident-centric services, it would address and automate key manual processes while developing its internal IT capacity to plan and execute digital transformation.
- For the County to better support its operations, deliver services to residents, and better coordinate with its LMPs, it must mature its organizational



LMP Initiatives

LMPs and the County are both willing to explore increased shared services but both parties must address key, historic shared services and processes.

- By codifying processes on how shared services are designed, agreed upon, and governed, the County and LMPs would foster increased trust to explore future shared services and improve existing services.
- The Roads Maintenance Agreement (RMA) is the primary area of tension. By working collaboratively and having a third-party review this agreement, these steps would help resolve historic issues.
- Once increased trust is fostered, the LMPs have expressed interest in exploring shared services in development services, collaborative procurement and human resources. This would increase staff productivity, resident experience, and decrease costs.



Regional Initiatives

There are areas to increase collaboration with the City of St. Thomas to both increase service levels and potentially decrease costs.

- Looking to the Windsor-Essex Economic Development Corporation, the County would explore creating a regional economic development corporation to improve outcomes and leverage economies of scales to reduce costs.
- The two library services have a history of strong collaboration. The two services would formalize procurement and work together to respond to the County's and City's population growth and how it may affect service growth and facility needs.
- Once Elgin has improved its internal IT capacity, the County and City would explore IT collaboration on a regional level. The first step would be to identify assets and processes between the County, the City and Entegrus Powerlines.

This categorization meets the RFP's requirements of reviewing and exploring shared services with LMPs, improving internal operations, and improving long-term care.

Summary of Benefits

The potential benefits of these initiatives will be realized overtime after implementation. The table below represent annual direct cost savings and productivity gains after 2026. In addition, the collaborative procurement initiative annual direct cost savings and costs would be associated with LMPs.

	Initiative	Dark and Light Green Savings		
		Annual New Costs ¹	Dark Green ²	Light Green ³
Improved County Operations	Homes – Long Term Strategy	\$350,000	\$3,600,000	-
	Homes – Short Term Improvements	\$38,000	\$22,000	\$242,000
	Organizational Redesign	\$425,000	(\$425,000)	\$60,000
	Improvements to Manual Processes	TBD	-	\$241,000
	Information Technology Services	-	\$345,000	-
LMP Initiatives	Design Principles for Service Coordination	-	-	-
	Roads Maintenance Agreement	-	-	-
	Collaborative Procurement*	\$80,000*	\$289,000 - \$1,027,000*	Savings for LMPs
	Development Services	\$10,000	Savings for LMPs	\$24,000
	HR as a Shared Service	-	Savings for County and LMPs	Savings for LMPs
Regional Initiatives	Economic Development	-	\$150,000	\$305,000
	Library Services	-	\$15,000 - \$45,000	-
Totals for the County (does not include benefits to LMPs*)		\$823,000	\$3,707,000 - \$3,737,000	\$867,000

Costs associated with improvements to annual manual processes will be determined through an upcoming RFP process.

1. Annual new costs include all new annual costs related to that initiative
2. Dark Green savings = annual direct savings (net including increase annual costs)
3. Light Green savings = annual productivity gains

Implementing a Program of Reforms

We have categorized initiatives as short, medium and long-term timelines to support the communities in implementing this program of reforms.

2021	2022	2023	2024	2025	2026 Onwards
Short Term Initiatives: <ul style="list-style-type: none"> Homes – Long Term Strategy Improvements to Manual Processes Design Principles for Service Coordination Improvements to the Roads Maintenance Agreement Digital strategy 					
		Medium Term Initiatives: <ul style="list-style-type: none"> Organizational Redesign Collaborative Procurement Development Services Economic Development 			
				Long Term Initiatives: <ul style="list-style-type: none"> Library Services Human Resources as a Shared Service Expanded IT Department 	



Categories of Improvement Areas

Initiatives to the County' Strategic Plan

	Initiative	Dark and Light Green Savings		Serving Elgin	Growing Elgin	Investing in Elgin	Other Service Improvements
		Dark ¹	Light ²				
Internal County Operations	Homes – Long Term Strategy	\$3,600,000	NA			X	Professional healthcare management and oversight
	Homes – Short Term Improvements	\$22,000	\$242,000			X	<ul style="list-style-type: none"> Appropriate use of skilled staff to improve productivity More competitive recruiting processes to lower over time expenditure
	Organizational Redesign	(\$425,000)	\$60,000	X			Improved capacity of senior leaders to implement the recommendations of this report
	Improvements to Manual Processes	NA	\$240,000			X	Improved staff productivity to focus on higher value work
	Information Technology Services	\$345,000	Significant Productivity Gains			X	<ul style="list-style-type: none"> Potential for expanding IT as a shared service Staff specialization leading to improved services
LMP Initiatives	Design Principles for Service Coordination	NA	NA	X			Improved relationship with LMPs to foster trust and create new processes for shared services
	Roads Maintenance Agreement	NA	NA	X			Improved relationship with LMPs to foster trust and create new processes for shared services
	Collaborative Procurement	\$289,000 - \$1,027,000 ³	High	X			Access to professional services to LMPs
	Development Services	Savings for LMPs	Moderate	X	X		Improved land division processes
	HR as a Shared Service	Savings for County and LMPs	Savings for LMPs	X	X		Access to professional services to LMPs
Regional Initiatives	Economic Development	\$150,000	\$300,000		X		Improved service levels and access to a larger, more specialized service
	Library Services	\$15,000 - \$45,000	NA	X	X		<ul style="list-style-type: none"> Innovative service delivery Potential capital cost reductions for future sites

1. Dark Green savings = annual direct savings (net including increase annual costs)
2. Light Green savings = annual productivity gains
3. Collective annual direct savings for LMPs

Internal Services and Operations

Critical Context

- Elgin owns and operates three homes, exceeding its legislative requirement, which is expected to cost the County \$5.3M in 2020.
- In addition, the County has a shared IT service with two LMPs. However, it does not have a coordinated approach to digital transformation. This leads to multiple manual processes.
- Lastly, to support these combined initiatives, the County will have to mature its management structure with a focus on ensuring the CAO is able to complete strategic work.



Homes – Long Term Strategy: The County has strong operational leadership in the homes; however, they comprise a significant portion of the County's staff and budget and, therefore, require professional management with healthcare administration experience to reduce expenditures while preserving quality of care. To fill this gap, we suggest that the County creates a professional, municipal services board and hire a CEO to manage transformational change projects and continue delivery of high-quality care. These potential annual direct savings may be used to attract a non-municipal partner. However, it is important to note that three current provincial reviews are underway. Elgin should partner with other counties to advocate for increased funding.

\$ We estimate that this approach would save the County \$13.65M from 2020 – 2029.

Homes Short Term Improvements: The County should immediately improve the long-term care homes operational challenges. The goal of this initiative is to improve recruitment and scheduling processes within the homes, which can be implemented in the next year.

\$ We have estimated \$22,000 in annual direct savings and \$242,000 in annual productivity gains.



Organizational Redesign: Elgin County's organizational structure is not optimized to achieve the County's strategic goals or deliver future County-wide and shared services to residents and staff. This initiative looks to improve CAO's capacity by 33% and support this project's other initiatives by ensuring the organization has the leadership capacity necessary to do so. This would be done in a phased approach.

- ✓ This would develop organizational capacity to support corporate strategy and initiatives.

Improvements to Manual Processes: Staff have identified that there are numerous manual and paper-based processes. Staff are currently working together in the beginning phases to issue an RFP that will meet the unique requirements of each department.

\$ We have estimated over \$240,000 in annual productivity savings if implemented. However, an RFP process will determine the cost of the new system.

Information Technology Services: Elgin needs to address short-term IT needs and digital transformation before it can expand IT as a shared service and partner with other organizations.

\$ Elgin could save ~\$345,000 in annual direct savings.



These initiatives are further explained in the appendix.

LMP Initiatives

Critical Context

- Historical challenges between Elgin County and its LMPs continue to impact their shared services relationship today.
- While the LMPs all agree that the County has provided many successful shared services and that new leadership at the County level has improved the working relationship, challenges remain including the roads maintenance agreement (RMA) and the process surrounding establishing new shared services.
- Once these areas are addressed, there are agreed upon shared services that can be explored with the LMPs.



Design Principles for Shared Services: This initiative explores how codified processes on how shared services are designed, agreed upon, and governed can improve the relationship and foster trust for future shared services.

- ✓ This would foster trust for future shared services and improve existing shared services, leading to increase staff productivity cost reductions, and service improvements.



Roads Maintenance Agreement: The Roads Maintenance Agreement is the primary area of tension between the County and LMPs which negatively impacts the County and LMPs' working relationship. By working collaboratively and using a third-party review this agreement, these steps would help resolve historic issues.

- ✓ This would foster trust for future shared services and improve existing shared services, leading to increase staff productivity cost reductions, and service improvements.



Collaborative Procurement: Elgin County staff and the LMPs recognize the significant annual direct savings opportunities through more strategic sourcing and collaborative procurement of commodities and services. By creating a procurement shared service, LMPs can reduce risk and experience annual direct savings.

\$ Collectively, LMPs would save annually between \$289,000 to over \$1 million.



Development Services: The focus of this initiative is to, first, improve the Land Division Committee. Following these improvements, the County would explore offering Registered Professional Planning (RPP) support to participating LMPs.

- ✓ This would improve existing shared services and would decrease planning costs if a shared service is reached with LMPs.



HR as a Shared Service: As many LMPs lack HR professional in-house, this initiative would formalize the County in supporting LMPs and explore future shared service opportunities.

\$ This would improve HR functions for LMPs and lead to direct annual savings and annual productivity gains.

Theses initiatives are further explained in the appendix.

Regional Initiatives

Critical Context

- Elgin County and the City of St. Thomas have a strong working relationship and a long history of successful shared services between the County and the City.
- Using this strong relationship, there are areas that the City and the County would explore to both improve service levels and reduce expenditures.
- Once these initiatives are socialized within the County, the County would approach the City on how best to achieve these different initiatives to deliver improved services and reduce costs.



Economic Development: This service does not align with Council's strategic priorities. To improve service levels and decrease expenditures, it is recommended that the County explores expanding the City's Corporation to include the County. This is aligned with rural economic development best practice and can use the Windsor Essex Development Corporation as a municipal example.

\$ We estimate that this approach would save the County \$145,000 annually and realize over \$300,000 in annual productivity gains.



IT Service: Once Elgin has improved its internal IT capacity, the County and City would explore IT collaboration on a regional level. The first step would be to identify assets and processes between the County, the City and Entegrus Powerlines.

- ✓ The two municipalities may be able to improve service levels, plan for collaborative digital transformation of services, and decrease costs through economies of scale.



Library Services: Elgin County already has strong working relationship with the City of St. Thomas's library service. In the near term, there are the two services to formalize procurement of both hardcopy and e-resources. As both communities' populations grow, there may be opportunities to collaborate in the development and operations of new library facilities in St. Thomas' westside and Talbotville area.

\$ We estimated between \$15,000 and \$45,000 in annual direct savings. In addition, there may be more significant operating and capital savings depending on services' needs.

These initiatives are further explained in the appendix.



Appendix A: Initiative Deep Dive

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CATEGORY	INITIATIVE	SLIDE
Improved County Operations	Homes – Long Term Strategy	19
	Homes – Short Term Improvements	31
	Organizational Redesign	41
	HR Improvements to Manual Processes	54
	Information Technology Services	61
Collaborative Initiatives with Elgin LMPs	Design Principles for Service Coordination	73
	Roads Maintenance Agreement	80
	Collaborative Procurement	88
	Development Services	97
	HR as a Shared Service	106
Collaborative Initiatives with Neighbouring Municipalities	Economic Development	113
	Library Services	121



Improved County Operations



Homes - Long Term Strategy

Initiative Overview

Serving Elgin

Strategic Alignment
Growing Elgin

Investing in Elgin
✓

Description

The goal of this initiative is to achieve cost savings while maintaining quality of care for the County’s three homes. The County has strong operational leadership in the homes; however, the homes comprise a significant portion of the County's staff and budget and, therefore, require professional management with healthcare administration experience to reduce expenditures while preserving quality of care. To fill this gap, we suggest that the County creates a professional, municipal services board and hire a CEO to manage transformational change projects. This new capacity will allow the County to achieve cost savings while maintaining quality of care for residents. These cost savings may be used to attract a non-municipal operator for one or more homes as a future strategic direction. However, it is important to note that three current provincial reviews are underway and will likely change the province’s operating and capital formulas. Elgin could advocate for increased funding as another way to offset the homes cost to the County.

Recommendations

- 1 Create a municipal service board by attracting a professional board and CEO.
- 2 Begin incremental change projects in year 2022 and 2023.
- 3 Begin large transformation project in 2024 and onwards.
- 4 Explore and evaluate partnership opportunities including divestment opportunities.
- 5 Monitor provincial policy changes and how it affects the County homes.

Financial Impact

Year	Current State Net Expenditure	Future State Net Expenditure	Annual Direct Savings
2020	\$5,347,128	\$5,347,128	\$-
2021	\$5,459,418	\$5,923,418	\$(464,000)
2022	\$5,574,065	\$5,793,029	\$(218,963)
2023	\$5,691,121	\$5,673,214	\$17,907
2024	\$5,810,634	\$4,983,881	\$826,753
2025	\$5,932,658	\$4,337,105	\$1,595,553
2026	\$6,057,244	\$3,819,684	\$2,237,560
2027	\$6,184,446	\$3,405,747	\$2,778,698
2028	\$6,314,319	\$3,074,598	\$3,239,721
2029	\$6,446,920	\$2,809,678	\$3,637,242

Current Issues

Outlined the below are the issues currently impacting Elgin's three long term care homes.



Governance issues – While the County Council and the CAO are effective municipal managers, they collectively lack the healthcare and long-term care experience to effectively govern these three long term care assets.



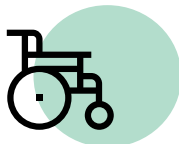
Strategic management – The current managers are effective clinical practitioners and support day-to-day operational excellence. However, they—and Council—lack both the capacity and experience to make strategic decisions about these homes. Key areas of improvement including labour changes, cost reductions, and partnership identification.



Increased responsibilities – The province is increasing the responsibilities of long-term care homes (i.e. palliative and end of life care services). These downloaded responsibilities are driving costs for Elgin's three homes.



Large financial commitment – While the three homes are seen as a strong County service, the County is estimated to pay \$5.35M in 2020 for these facilities. This estimate was prior to the COVID-19 pandemic.



Resident access – While the residents are supplementing this service with County funds, residents are not prioritized to have access to this service. This creates a perceived unfairness within the County.



The goal of this initiative is to make substantial cost reductions in the County's expenditure to these homes while maintaining the level and quality of care the County currently provides. It is important. It is important to note that three provincial reviews are underway. These will likely change the province's operating and capital formulas.

Strategic Route - Municipal Service Board

To address the issues presented above, we recommend that the County creates a Municipal Service Board with a professional board, a CEO with healthcare management experience, and clear terms of reference to ensure accountability. While this new structure would look to cost savings, quality care would remain a top priority in the County's commitment to residents.



Board Structure

Create a professional board structure

- To support achieving cost savings while maintaining quality, we suggest creating a professional board of directors composed of healthcare management, business, financial, and legal professionals.
- The focus of the board would be to implement large scale operational improvements to attract a potential acquirer or significantly achieve costs for the County while maintaining quality.
- Also, the board would focus on identifying a potential partner using their network in the long-term care sector if viewed as an attractive option.
- We suggest appointing one County Council member to ensure that the County has a voice in the organization's governance.



Professional Management

Hire a CEO with healthcare management experience

- While the current management of Elgin's homes is operationally strong, they lack healthcare management experience and capacity to support the operational improvements needed to attract a partner to divest these assets or become a cost-neutral service.
- The role of the CEO would be focused on creating large scale operational improvements (labour negotiations, improving capacity of smaller facilities, etc.), potentially securing a potential partner, and managing these large-scale changes.
- From external research, long-term care CEO compensations for facilities with less than \$50M in revenues was, on average, \$260,000.¹
- The current Director would continue leading the facilities' day-to-day operations.



Terms of Reference

Create clear terms of reference for the board

- The County would be the sole shareholder of this corporation.
- In the terms of reference, clear goals should be articulated, including:
 - Improving operational efficiencies to become a cost-neutral service;
 - Running quality homes that meet legislated requirements; and
 - Exploring and evaluating partnerships to potentially divest assets.

Potential Acquirer

While there are not-for-profit and for-profit operators in this space, we believe the organization mostly likely to acquire Elgin's homes would be a larger healthcare provider (such as a hospital) if the homes were not cost-neutral. The rationale is explained below. It is important to note that divestment is just one option for the future of this service. However, by achieving cost savings while maintaining quality will allow these assets to become more attractive for potential acquirers.



Private Sector

Elgin's cost per bed is much larger than the provincial average.

- Elgin's cost per bed ranges from approximately \$97,600 - \$109,000 depending on the facility. The provincial average is approximately \$75,000.¹
- Private sector partners are unlikely to view Elgin's facilities favorably because of the high cost per bed.
- The new management and governance structure would have to decrease costs substantially, which would greatly affect these facilities' service levels.
- However, these operators are seen unfavourably recently because of COVID-19.



Not-For-Profit

Financial considerations may impede a not-for-profit acquirer.

- While profitability is not a concern for these potential acquirers, the facilities would need to be financial sustainable.
- Not-for-profits are more likely to be interested in the Elgin facilities compared to the private sector, but the Homes' corporation management and Board will need to present how the homes will be financially sustainable.
- If policy and funding changes occur, this potential acquirer group may become more likely.



Healthcare Organizations

These assets would support a healthcare provider.

- Home Care Ontario estimates that the average cost of care for hospital care compared to long term care is more than six times more expensive.²
- As a result, hospitals have become increasingly more interested in owning and operating long term care facilities to shift patients to services that meet their needs while maintaining operational efficiency.
- Given this, healthcare organizations may be the most willing to own and operate Elgin's current long-term care assets.

Less Likely

More Likely



Changing Provincial Policy

It is important to note that due to COVID-19, provincial policy and potentially funding formulas could change. Outlined below are the current investigations launched in this space. These investigations may have recommendations on funding changes that might benefit the County's homes.

Provincial Investigation

- On May 26th, the Premier announced that the province will investigate the concerns raised by the Canadian Armed Forces to ensure the safety of residents in five long-term care homes and in homes across the province.
- Although this investigation is targeted at specific long-term care facilities, the investigation may have findings that affect either the entire industry or private sector actors.

Ontario Ombudsman Investigation

- Announced on June 1st, the Ontario Ombudsman launched an investigation into the oversight of long-term care homes by the Province's Ministry of Long-Term Care and Ministry of Health during the ongoing COVID-19 pandemic.
- The investigation will focus on whether the oversight of long-term care homes by the ministries during the coronavirus crisis is adequate to ensure the safety of residents and staff.
- Investigators with the Special Ombudsman Response Team, which handles the Ombudsman's large-scale systemic investigations, will review the ministries' standards and policies for long-term care homes during the pandemic, as well as the adequacy of oversight mechanisms to ensure compliance.

Patient Ombudsman Investigation

- Announced on June 2nd, the Patient Ombudsman began an investigation after receiving more than 150 complaints about residents and staff in "significant jeopardy" in the last month.
- The investigation is specific to the residents and caregivers at long-term-care homes with outbreaks of COVID-19.
- This investigation will look to help long-term care homes prepare for future outbreaks of infectious diseases, including COVID-19.

Elgin could partner with other counties to advocate for increased funding for municipal homes.

Changing Provincial Policy

While three provincial investigations are underway, on July 17th Premier Doug Ford announced \$1.75 billion for long-term care homes. Details included:

- Redesigning the funding model that will lead to the building of additional, modern long-term care homes;
- Creating a new approach that will help break down barriers and accelerate the construction of long-term care projects, both new and redeveloped;
- Creating four new regional categories based on geographic location, each with a targeted home size: large urban, urban, mid-size, and rural. An increase to the Province's construction funding subsidy (CFS) will be tailored to each of these four categories, enabling the government to address the barriers and needs of different communities;
- Providing development grants, between 10 per cent and 17 per cent depending on regional category, to cover upfront costs like development charges, land, and other construction expenses;
- Helping small operators in rural communities navigate the high cost of development, while ensuring larger urban centres can secure the loans and real estate they need; and
- Increasing funding to incentivize the construction of basic accommodation and continuing top-ups for small- and medium-sized homes.

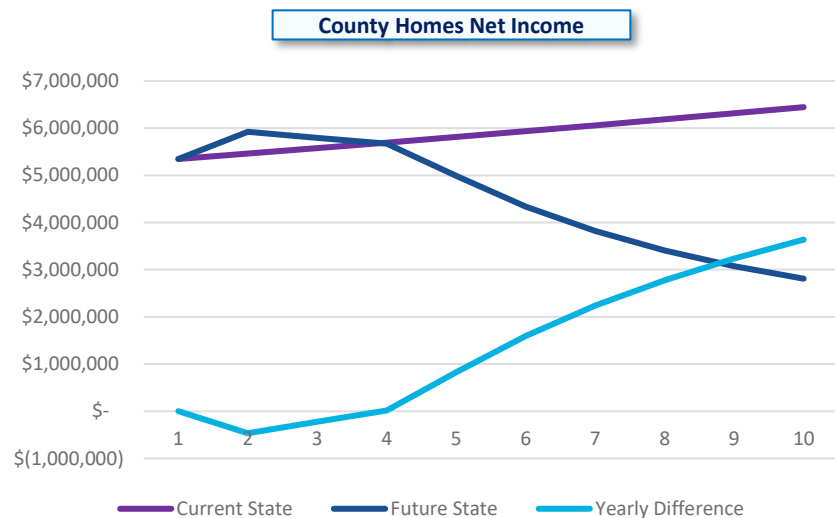


Potential Implications

- While provincial investigations are still underway, the current focus of the provincial government is capital projects. This will not help Elgin current issue regarding the size of the expenditure to its three homes.
- However, this announcement many make private operators more interested in acquiring and redeveloping an Elgin facility, as there is new government financial support for these projects. This type of strategic decision will be up to Council and the municipal services board.

Cost Benefit Analysis

Outlined below we have estimated (1) the cost associated for the County if this service is not addressed, (2) estimated one time and reoccurring costs of a Municipal Service Board, and (3) projected modest annual cost reductions achieved annually through this new structure using industry research. This model does not account for changes in provincial funding or possible divestment of any assets. We estimate that this approach would save the County \$13.65M from 2020 – 2029.



Year	Current State Net Expenditure	Future State Net Expenditure	Difference
2020	\$5,347,128	\$5,347,128	\$-
2021	\$5,459,418	\$5,923,418	\$(464,000)
2022	\$5,574,065	\$5,793,029	\$(218,963)
2023	\$5,691,121	\$5,673,214	\$17,907
2024	\$5,810,634	\$4,983,881	\$826,753
2025	\$5,932,658	\$4,337,105	\$1,595,553
2026	\$6,057,244	\$3,819,684	\$2,237,560
2027	\$6,184,446	\$3,405,747	\$2,778,698
2028	\$6,314,319	\$3,074,598	\$3,239,721
2029	\$6,446,920	\$2,809,678	\$3,637,242

Associated Costs

We have outlined below the associated costs and projected cost reductions of creating a municipal service board:

Annual Costs		
	Costs	Rationale
CEO Salary	\$260,000	We have estimated a competitive CEO salary of \$260,000. This is based off industry research provided by Senior House News.
Board Costs	\$90,000	We have estimated a Board of nine professionals that meet quarterly. Each board member is paid \$2,500 per meeting.
Total Annual Costs	\$350,000	
One Time Costs		
	Costs	Rationale
CEO Recruitment	\$52,000	We have estimated a recruiter is paid 20% of the CEO's salary for their recruitment fee.
Board Recruitment	\$52,000	We have estimated that the same recruiter is used for Board recruitment and charges the same fee as the CEO.
Legal Fees	\$10,000	While the County has internal legal counsel, we have estimated external fees of \$10,000.
Total One Time Costs	\$114,000	

Professional oversight and governance is essential to managing any large-scale transformation as cost effectively as possible for residents, while maintaining the commitment to high-quality care.

Cost Reductions

Cost reductions have been categorized using Harvard Business School research on the subject:

Cost Reduction Initiatives			
Area	Annual Cost Reduction Target	Years	Areas of Exploration
Incremental Changes	10%	2022 – 2023	HBR states “most departments can cut up to 10% of costs without changing the rest of the organization”. Areas of focus the authors suggest are consolidating incidentals, taking overdue personnel action, gain control of “miscellaneous” spending, and repurpose rejected cost-savings ideas. These types of initiatives will be the focus of the CEO for the first two years to tackle “low hanging fruit”.
Redesign Ideas	20%	2023 – 2029	<p>This phase would involve larger transformational changes including adopting best practice, changing processes, and more innovative operating models.</p> <p>To keep estimates modest, we have estimated that the new structure meets this target reduction, but does not surpass it. However it is important to note that potential divestment and funding changes would significantly alter this financial projection.</p>
Cross-Departmental and Program Elimination Ideas	30%	TBD	<p>To quote the authors of this study: “you’re unlikely to find cost savings of 30% or more of your existing budget by looking solely within your department. However, you’ll be surprised at what you can accomplish by investigating how well the work of your departments fits with that of others.”</p> <p>For the context of this initiative, this would be specific to partnerships including partnerships with neighbouring municipalities and/or divesting assets.</p>

Jurisdictional Example: Muskoka

To demonstrate the feasibility of a municipality gaining the expertise to eliminate its homes net income, we have provided Muskoka's example in this space. Muskoka built capacity by outsourcing needed expertise—the same premise is applied to this initiative.

Muskoka's Cost Reduction Model

In the 1990's, the District Municipality of Muskoka looked at the possibility of having a private organization take over the management of their long-term care home, The Pines. As the idea developed, the municipality found that there were several serious legal encumbrances to having a private organization take over their municipal home – in particular, successor rights legislation and administrative difficulties, such as transferring OMERS membership. As such, the municipality continues to meet their legislated obligation to provide a long-term care home.

Still concerned with ways to reduce costs to both the residents of the long-term care home and also the municipal tax payer, in 1996, the municipality entered into a contract with Extendicare to act as a consultant in a number of areas. While the ownership of the home and employment of staff for the home rests with the municipality, Extendicare acts as a consultant to provide advice regarding operational efficiency and effectiveness and to help ensure that an operating subsidy is not required. To date, this has worked well for the municipality. Extendicare provides the municipality with advice on where they can improve and assists in budget preparations as well as human resource operations and efficiencies. The tax-supported operating subsidy for The Pines (approximately \$400,000 for 105 beds in 1996) was eliminated by December 2000. The home was expanded from 105 beds to 160 beds as part of the 2004 rebuilding, and, as of 2011, the municipality will have to contribute a subsidy to the home due to some of those construction costs.

Based on the degree of success Muskoka has had with using a consultant with industry specific knowledge and expertise, they are now considering other ways to implement this model – for example, partnering with other municipalities nearby who may also benefit from a consultant arrangement. Muskoka, as a smaller municipality without the same resources as larger municipalities—yet still committed to providing quality long term care—found an arrangement that provides the best outcomes and use of resources for them.

Implementation

Outlined below is a high-level implementation plan.

Activities	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 Onwards
Select CEO, Board Members and Create Service Board						
Socialize Organization to Change and Launch						
Begin Incremental Change Opportunities						
Begin Redesign Ideas						
Continual Search for Partnership Opportunities						



Homes – Short Term Improvements

Initiative Overview

Serving Elgin

Strategic Alignment
Growing Elgin

Investing in Elgin
✓

Description

While a long-term strategy for the long-term care homes is being developed and implemented, the County could improve some of the long-term care homes’ operational challenges. The goal of this initiative is to improve recruitment and scheduling processes within the homes. Both of these functions currently do not utilize digital tools, relying primarily on manual reviews and paper-based processes. The homes’ recruitment processes and scheduling should be part of the overall human resources digital transformation efforts.

Recommendations

1 Invest in an online recruitment software.

2 Invest in a digital scheduling software.

Financial Impact

Financial Summary	
Annual Direct Costs	
Online recruitment subscription	(\$20,000)
Online scheduling software	(\$18,000)
Total Direct Costs	(\$38,000)
Annual Direct Savings	
Overtime reductions	\$60,000
Total Direct Savings	\$60,000
Net Annual Direct Savings	\$22,000
Annual Productivity Gains	
Clerk Time Savings	\$200,000
Nurse Time Savings	\$42,000
Net Annual Productivity Gains	\$242,000

Current State – Overtime in the Homes

Homes across Ontario are experiencing recruitment and retention issues, and the Elgin's homes are no different. These issues are contributing to the homes growing overtime expenses and negatively affecting the culture. To address this issue, Elgin should invest in recruitment programs and improve its recruitment and scheduling processes through the use of technology.

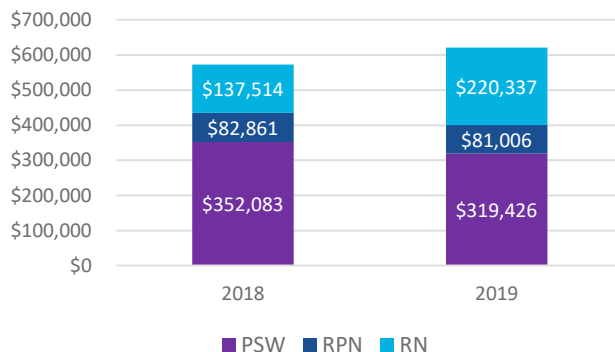
Industry Challenges

Across Ontario recruitment and retention is an issue.

- All sectors in crisis – competition across sectors (LTC, community, hospital)
- PSWs, RNs, RPNs, Dietary staff are in high demand
- 80% of LTCH's are experiencing difficulty filling shifts (OLTCA)
- 90% of LTCH's are experiencing recruitment challenges (OLTCA)
- 50% of PSW students that complete the program do not enter the profession
- This will likely become more of an issue due to COVID-19 and the impression it is leaving on the working conditions of homes

Elgin Specific Challenges

These challenges are being manifested in Elgin's homes, especially in overtime.

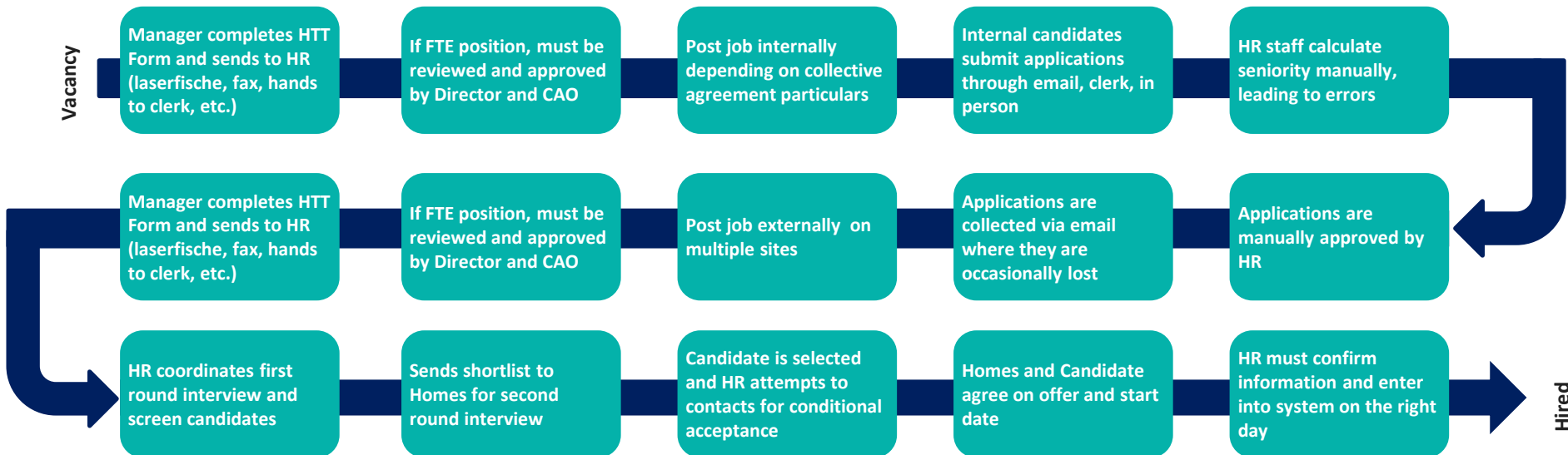


- Overtime increased by over 8% from 2018 – 19, equaling over \$620,000
- Overtime expenditure will likely rise more dramatically this year because of COVID-19 and the stresses it is putting on the homes and the industry

- Homes and County HR have taken steps to improve retention and recruitment, such as introducing a wellness program, creating an onboarding/welcome position, and making slight improvements to recruiting processes
- The County should focus on more recruitment initiatives and improving scheduling to support the reduction of overtime expenses

Current State – Recruitment Process

Outlined below is the high-level process to secure a new staff member. It is a manual process that is slow and leads to data accuracy errors. Speed becomes an issue due to staff shortages and the competition to secure healthcare staff. This process is affecting Homes' overtime.



Benefits of Using an Online Recruitment Platform

The major complaints of the current process is that is tedious, easy to lose information, and doesn't easily allow for communication between Homes and HR. Outlined below are the benefits of leveraging technology to improve the recruitment process.

Benefit	Recruitment Software
<i>Save time performing tedious tasks</i>	Formalized partnership: There are many tedious tasks to perform when following the current process – filling out paperwork and collecting applications, etc. Recruitment software can effectively speed up the whole process and reduce the time taken to complete these monotonous, time-consuming tasks.
<i>Improves communication times and efficiency</i>	Automate responses: When recruiting in long term care, it is important to have quick response times and to communicate effectively within Elgin's team and with potential candidates. This type of software provides tools for communication and can allow Elgin staff to automate things, such as response emails. By using recruitment software, Elgin can greatly improve channels of communication and keep candidates in the loop. This is incredibly important in a competitive labour market.
<i>Allows for streamlined data collection from candidates</i>	Data collection is a large issue in the current process: Recruitment software allows applications to be received from a wide range of sources such as job boards and Elgin's own website. Furthermore, Elgin would use this software to gather useful candidate data to improve the recruitment process. Moreover, more data can be gathered to improve the recruitment process, such as candidate response, how many people viewed adverts, and how many applied for the role in total, etc. This will allow Elgin to gather data to improve postings.
<i>Prevents human error</i>	There are many areas in the current process in which human error is possible: By automating and standardizing how information is collected and distributed through an online recruitment system, Elgin will decrease areas in which human error is possible. These errors are currently slowing down processes and possibly losing candidates in an already competitive labour market.

While the above benefits are focused on Homes, an online recruitment system would improve hiring processes across the County.

Cost Benefit Analysis

Depending on the tool used and the complexity of the tool, there will be different cost associated. However, the possible benefits outweigh the costs.

Annual Cost/Benefits		
	Costs	Rationale
Overtime Reductions	\$60,000	We have estimated a 15% reduction in overtime for PSW and RPNs. While Elgin does not track vacancy times, the current, manual process is leaving Elgin uncompetitive in this market. This was based on conversations with staff from Homes and Human Resources.
Staff Productivity	Unknown	While we have not calculated the exact staff productivity improvement, experienced and highly skilled staff are performing many manual processes that are preventing them from completing higher value work. By modernizing processes, staff will be more productive and effective.
Technology Costs	(\$20,000)	Looking at the more expensive recruitment software programs, we have estimated that the annual subscription would cost, at maximum, \$20,000. Liberal cost assumptions were made.
Annual Net Benefit	\$40,000	



Other Benefits

- This cost benefit analysis is solely focused on Homes recruitment. There would be other productivity gains in all Elgin departments through digital recruitment tools.
- By using a more efficient process, the County will be more professional to potential candidates. This may make candidates have a more favourable view of the employer compared to others.

If possible, this tool should be integrated or possibly provided under the larger HRIS system that is being acquired.

Other Recruitment Initiatives

While improving processes is important, other private, municipal, and not for profits have implemented recruitment initiatives to attract workers. For Elgin to be competitive, it should pilot some or all of these initiatives to determine their efficacy.



Referral and Signing Incentives

Private and not for profit homes are using different incentives bonuses.

- Alternacare, a private long term care company in Ottawa area, offers a referral program in which staff that identify new hires are compensated.
- Bayshore Healthcare, a private company, offers a signing bonus for new hires.
- As this is a unionized environment, this option may require an agreement from the bargaining agent if it is extended to employees in unionized staff positions.



Scholarship Programs

Lambton College offers scholarships to student interested in long term care.

- Lambton is offering \$5,000 scholarships in each home for volunteers enrolling in PSW programs.
- This program is meant to entice students to enter PSW programs and work at Lambton facilities after completing their studies.



Specialized Recruiter and Onboarder

Lambton is piloting this position.

- The County of Lambton, who operates three homes, is piloting a contract position to support recruitment and onboarding of new staff.
- Lambton staff is requesting this position become permanent based on its success.
- In discussion with Elgin staff, recruitment is not the only issue but, because of limited staff capacity, correctly onboarding new staff is a challenge.
- Elgin's homes do not consistently onboarding new staff to the level that they wish. They may result in suboptimal performance and higher staff turnover as new staff feel unsupported.

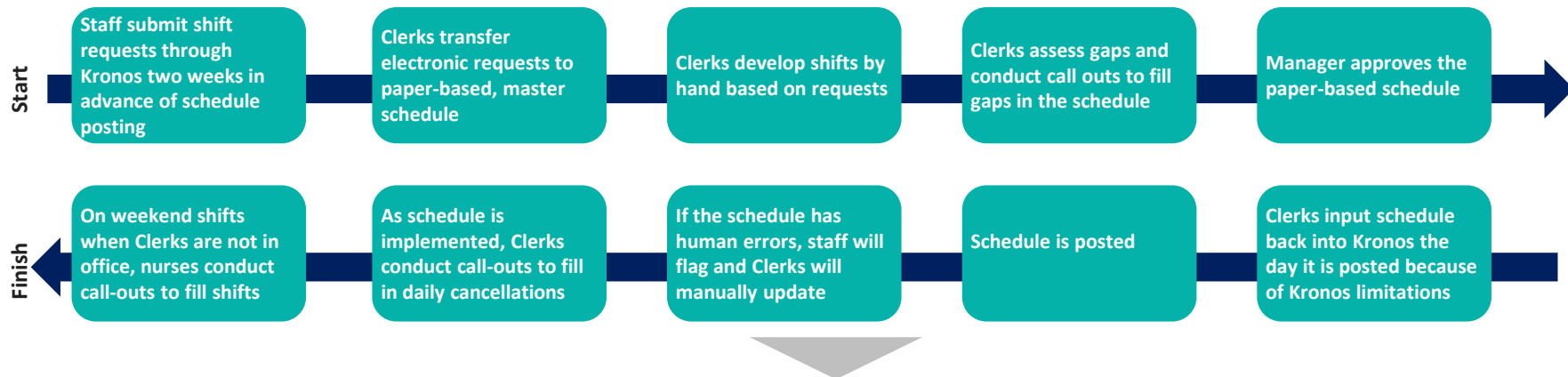
Less Expensive

More Expensive



Scheduling Improvements – Current Issues

Outlined below is the current scheduling process at the long-term care homes and an analysis of the primary challenges as a result of this process.



- **Kronos limitations.** There are three primary issues with Kronos: (1) When staff request time through Kronos, the system does not always count the hours properly. If Clerks used Kronos, they would need to double and triple check numbers, so doing it by hand on paper is easier. (2) Kronos does not allow schedules to be posted at a future date, so Clerks have to input the paper schedule back into Kronos the day-off. (3) Call-in staff don't have access to Kronos, so conducting the daily call-outs requires two people, as one person needs to update the schedule and the other needs to review.
- **Staff morale.** Because of the paper-based process, there are high chances of human error. However, staff morale suffers when schedules are posted with accidental errors, and they need to be manually fixed.
- **Clerk time.** Because of the challenges related to the scheduling process and need for call-outs to fill shifts last-minute due to the challenging nature of the industry, 90% of the clerks' time is spent doing scheduling. Only 1% of the clerks' time is spent providing managers with administrative support.
- **Nurse time.** Because Kronos does not provide a call-out feature to cover last-minute shift cancellations and because the administrative clerks are not at the homes on the weekends, nurses spend 1.5-2 hours per shift on the weekend conducting call outs, which takes time away from resident care and requires them to conduct administrative tasks. Elgin Manor and Terrace Lodge have administrative clerks only one weekend per month.

Costs of the Current Scheduling Process

Based on staff interviews, the County currently spends over \$350,000 in light green dollars for scheduling.

Costs		Explanation
Clerk Costs	\$300,000	Elgin County current employs six scheduling clerks at the three homes. Using salary data and the assumption that clerks spend 90% of the time on scheduling processes (provided by the Director of Homes and Senior Services), the County currently spends over \$300,000/year on manual scheduling processes.
Nurse Costs	\$50,000	On weekends when clerks are not present at the homes, nurses are required to manage the call-out procedures to fill staffing gaps. One nurse spends on average 1.5 hours per shift conducting call-outs, and there are six shifts across the three homes over 52 weekends in one year. Using average hourly rates for nurses in the homes, this equates to approximately \$50,000 in nurse scheduling costs.
Total Scheduling Costs	\$350,000	The County spends approximately \$350,000 per year on scheduling procedures alone.



Other Costs

- While the County only spends \$50,000 in productivity dollars for nurses who spend 1.5 hours per shift on call-outs, this is time that nurses should be spending performing nursing care for residents. Nurses are not allowed to be on their phones while caring for residents, so conducting call-outs takes the nurse away from the nursing home floor.

Recommendations for Improving Scheduling in the Homes

The County needs to invest in a digital solution for homes scheduling processes. A variety of digital tools exist in the market to replace the current paper-based processes, with the more expensive options for the public sector capping at \$18,000 per year. It is important to note that as Elgin explores options for long-term care home staffing scheduling, it should consider how a scheduling tool can integrate with the new human resources system. Below outlines the potential productivity savings of a digital scheduling system.

Annual Cost/Benefits of a Digital Scheduling Software		
Productivity Gains and Direct Costs		Rationale
Clerk Time Productivity Gains	\$200,000	We have estimated that if the clerks use a digital tool for scheduling, their time spent on scheduling would be significantly reduced. We assume that clerks will only spend 30% of their time on scheduling, though this number is a conservative estimate. With this additional time, clerks would perform more administrative tasks for the homes' managers.
Nurse Time Productivity Gains	\$42,000	We have estimated that if the nurses use a digital tool for scheduling, their time spent on scheduling would be significantly reduced because a digital system would send out mass call-out requests. We assumed that nurses will only spend 15 minutes per shift on scheduling issues.
Technology Annual Direct Costs	(\$18,000)	Based on research on medical scheduling software, we assume that Elgin would expect to pay around \$18,000 on a schedule software per year. This is using liberal assumptions on scheduling software.
Annual Net Benefit	\$224,000	

Digital Scheduling Software

- The County needs a digital tool that automatically creates schedules based on staffing availability, taking into account part-time and full-time staff hours and minimizing over-time. Furthermore, many tools can send mass messaging, which can reduce the time nurses spend conducting call-outs on weekends, and can allow clerks to create schedules weeks in advance if needed.

Organizational Redesign

Initiative Overview

Serving Elgin

✓

Strategic Alignment

Growing Elgin

Investing in Elgin

Description

Elgin County’s organizational structure is not optimized to achieve the County’s strategic goals or deliver County-wide and shared services to residents and staff. Elgin’s current organizational design is the result of placing services under the purview of resources who either had expertise or capacity to manage, creating a person-driven design. As a result, the CAO’s portfolio is too large, and 33% of the CAO’s time is spend on services that she should not oversee, costing the County approximately \$61,334.00/year. Elgin’s whole organizational structure should be redesigned to ensure the most effective processes are in place for achieving strategic objectives and delivering high quality services to residents as effectively as possible. Implementing these changes would result in net new director-level employees, but the strategic changes to long-term care homes and economic development would create overall net savings for the County.

Recommendations

- 1 Create Corporate Services Department overseen by Director of Corporate Services/Deputy Clerk.
- 2 Move Planning and Land Division to their own department to better deliver planning as a shared service.
- 3 Transfer economic development services to a standalone, economic development corporation with the City of St. Thomas.
- 4 Move IT to Corporate Services and eventually transition to an IT Department.
- 5 Transfer long-term care homes management and operations to a standalone municipal services Board.
- 6 Transfer EMS contract management responsibilities to the Fire Trainer/CEMC.

Organizational Design Impact

Financial Summary	
Net Annual Direct Costs	(\$425,000.00)
Net Productivity Savings/Year	\$60,000

Other Benefits

- While this initiative, by itself, has a negative financial impact to the organization, this initiative supports the other initiatives to ensure the County have capacity needed to implement these initiatives and yield the benefits contained in this report.

County Services Current State Observations

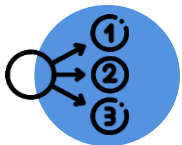
Outlined below are the major services delivered by the County and StrategyCorp's assessment of areas of organizational design improvement:



1. The Administrative Services Department portfolio is large compared to Elgin's peers, placing a lot of operational responsibility on the CAO.
2. LMPs note that Economic Development and Tourism can be improved to better serve the needs of the LMPs and County, and staff and Council note that this service does not align with strategic priorities.
3. Overseeing Planning and Land Division takes up a significant amount of the CAO's time and prevent achieving strategic level work.
4. The EMS contract is a large and should not be a direct responsibility of the CAO.
5. The Homes are a large function within Elgin County, and alternative service delivery models should be explored.

Design Principles for an Organizational Review

Outlined below are the design principles that StrategyCorp uses to evaluate organizational structures and effectiveness, which guide the organizational redesign recommendations.



Optimize management for the purposes of streamlining accountabilities, ensuring appropriate spans of control, and allowing management to perform strategic functions.



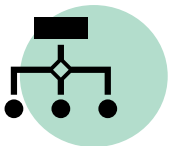
Better align “like” functions within departmental structures to enhance accountability, operational efficiency, and opportunities for cross-training staff for succession planning and building future capacity.



Where required, elevate certain centres of excellence to corporate level functions to drive corporate cultural change and continuous improvement.



Ensure the organizational structure is in line with sector-accepted practices and approaches (see next slides for peer comparators).

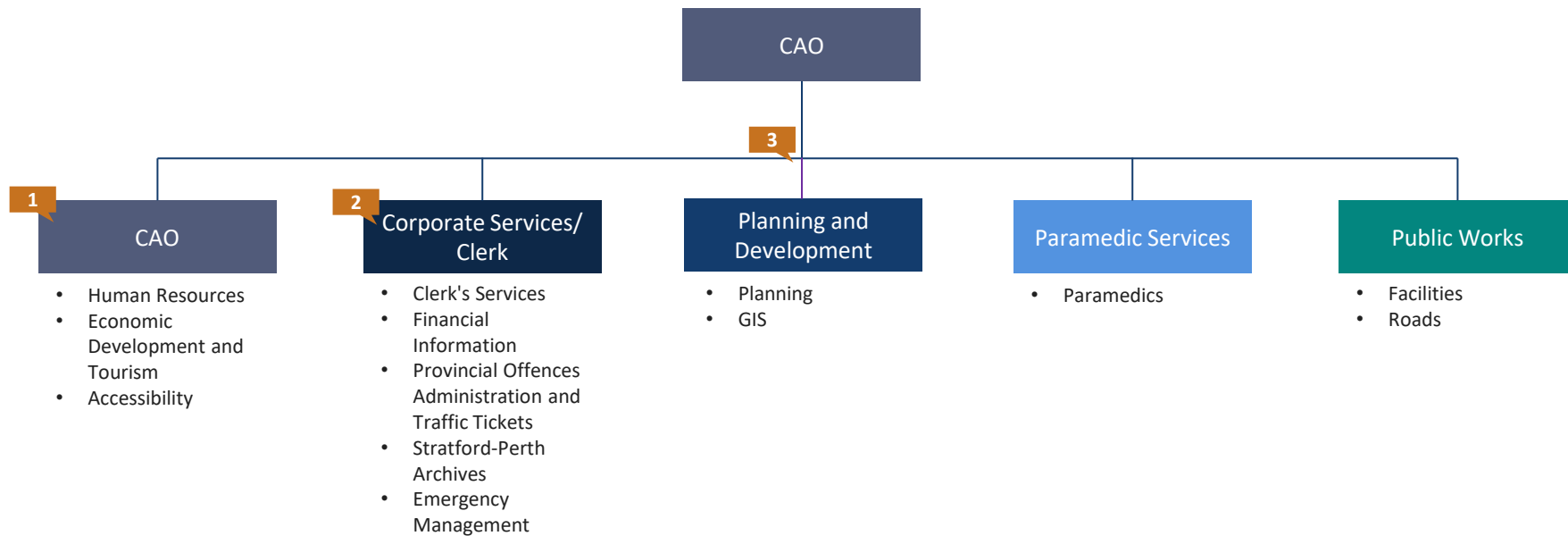


For Elgin County, the organizational structure should reflect the needs of the LMPs to effectively deliver shared services.

Ultimately, the organizational design should be structured in a way to best deliver the strategic priorities—form follows function.

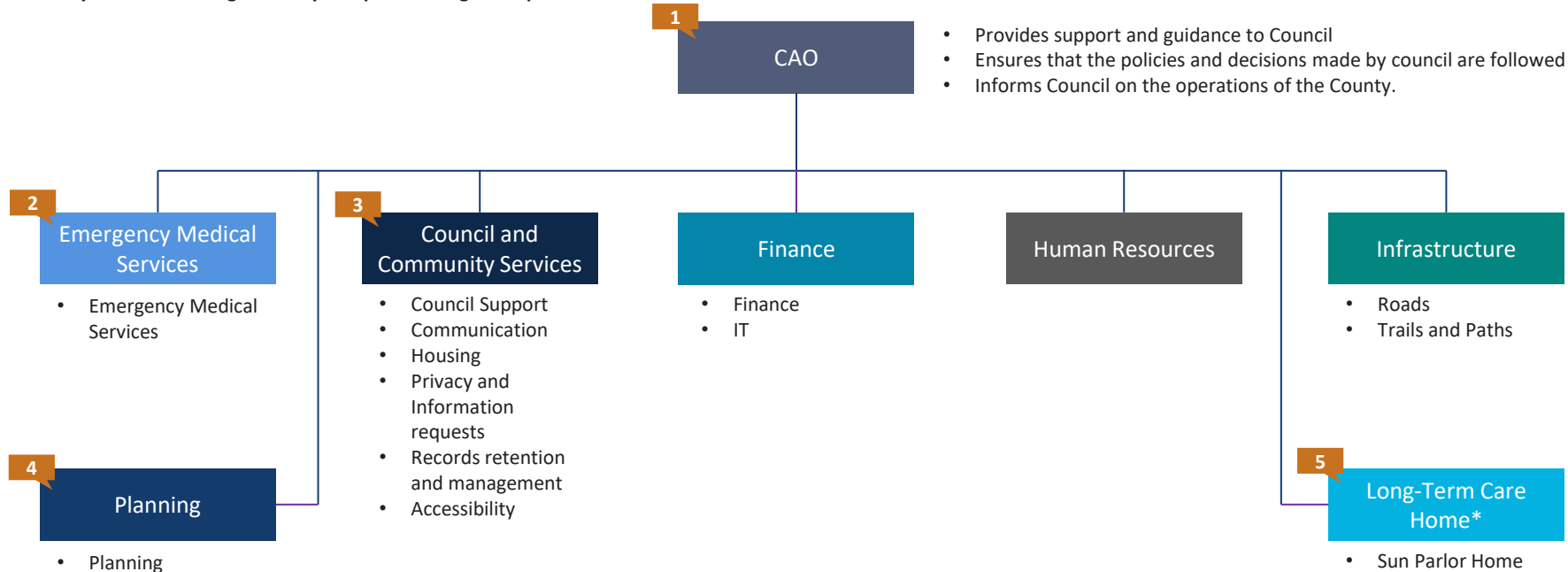
Peer Comparators: Perth County

Perth County is a smaller county compared to Elgin but provides similar services with a more streamlined organizational structure for administrative and corporate services.



Peer Comparators: County of Essex

The County of Essex is a larger county compared to Elgin but provides the most similar services to its residents and lower-tiers.

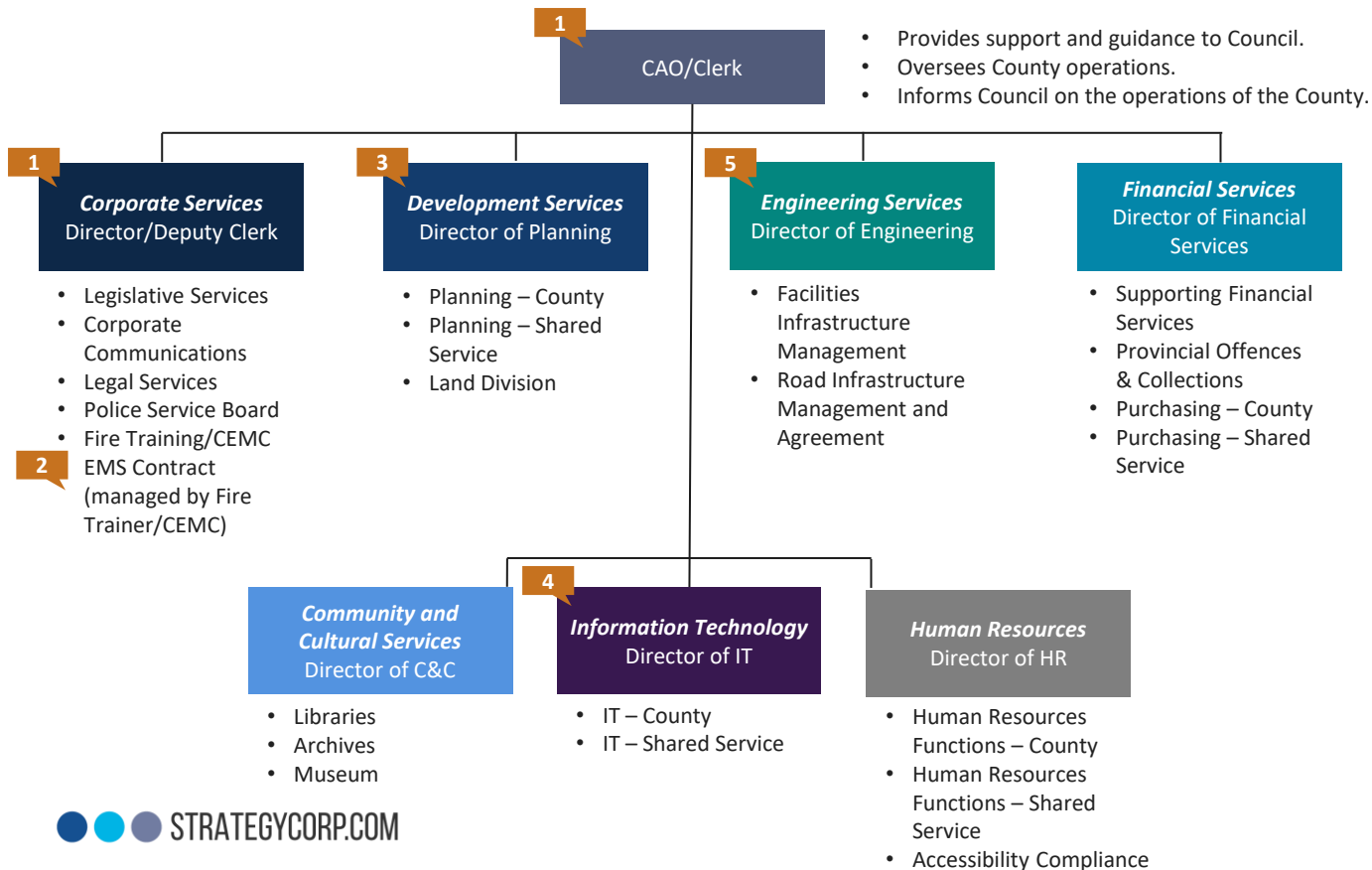


1. The CAO's primary responsibilities are to oversee the organization and advise Council.
2. Windsor, Essex County, and Pelee Island work together to provide EMS services.
3. The Director of Community Services provides Clerk responsibilities.

4. Essex has its own Planning Department.
5. Essex owns one home, but it is unclear if municipal employees operate the home.

Elgin Organizational Structure – Future State (Year 5)

StrategyCorp proposes the following organizational structure for Elgin County.



6

Homes and Senior Services
Municipal Service Board

- Homes CEO reports to the Municipal Service Board, which would have one Councillor and would have Terms of Reference with Council
- Homes staff remain County employees

6

Elgin-St. Thomas Economic Development Corporation

- Corporate Board has representation from County, City, and community business leaders

✓

See following slide for explanation

Organizational Redesign Rationale

StrategyCorp recommends the proposed future state organizational structure for the following reasons:

- 1 The CAO currently performs the CAO responsibilities, Clerk responsibilities, and oversees several services. This significantly overloads the CAO and costs the \$61,334.00/year in her time. Creating a Director of Corporate Services/Deputy Clerk function with strong mid-level management would allow the CAO to spend more of her time performing strategic advisory for Council and organizational oversight for service delivery.
- 2 The Fire Trainer/CEMC would continue to work within Corporate Services and would manage the EMS contract with Medavie. Given the skillset of the Fire Trainer/CEMC role—who would understand force planning, risk management, and labour relations—this is a natural responsibility transfer from the CAO.
- 3 LMPs expressed desire for the County to play a larger role in planning and provide more planning support. Given the County's role in being accountable to the Province, it should work more closely with LMPs to ensure that the County's Official Plan reflects LMP goals. A larger department at the County level can allow for more not only collaboration, but also technical planning advice.
- 4 In Elgin's future state, IT would be its own department, providing IT services to both the County and LMPs as a shared services. In the interim, IT would be placed under the Director of Corporate Services as the County improves its own IT functions and can attract the remaining LMPs to participate in this shared service. The skillset of the Director of Corporate Services would include an understanding of and experience in continuous corporate improvement and innovation. The Director can provide strategic direction on opportunities for digital solutions to improve corporate functions and will work closely with the Manager of IT as IT grows into its own department.
- 5 Given the engineering department's reliance on consultants, explore cost-benefit analysis of bringing more positions in-house. As part of this departmental restructuring, it should consider changing titles to better reflect the roles and responsibilities of positions.
- 6 The rationale behind creating a municipal service board for Elgin County's long-term care homes and an economic development corporation with the City of St. Thomas are explained in subsequent slides.

It is important to note that the proposed redesign assumes a 5-year implementation period until fully operational. Please see the following slides for the short- and medium-term structure.

Organizational Redesign: Alignment with Principles

Design Principle	Elgin County Organizational Design
Optimize management for the purposes of streamlining accountabilities, ensuring appropriate spans of control, and allowing management to perform strategic functions.	Elgin's new organizational structure will free up significant time for the CAO to perform strategic functions. Furthermore, the new Corporate Services Department groups standard corporate services functions together. Though human resources and financial services typically fall under this department in other organizations, they remain their own departments due to fact that they each will hold shared services for LMPs (human resources support and collaborative procurement, respectively).
Where required, elevate certain centres of excellence to corporate level functions to drive corporate cultural change and continuous improvement.	This is the rationale behind creating the Corporate Services Department. The Director of Corporate Services will play an important role in continuous improvement and innovation and will work closely with the CAO to identify areas of improvement within the County.
For Elgin County, the organizational structure should reflect the needs of the LMPs to effectively deliver shared services.	LMPs expressed desire for improved IT services; planning support; back-office functions like human resources; and economic development services. The new organizational structure elevates the role of planning, human resources, and economic development and places IT under the purview of a Corporate Services Director who has the expertise in corporate innovation until IT as a shared service grows to warrant an IT department.
Better align "like" functions within departmental structures to enhance accountability, operational efficiency, and opportunities for cross-training staff for succession planning and building future capacity.	Moving planning and land division to its own department and moving homes and economic development to their own corporations will significantly improve operational efficiency and will attract senior level management for those services who have significant sector expertise.
Ensure the organizational structure is in line with sector-accepted practices and approaches.	Changes to the long-term care homes and senior services and economic development are unique for Elgin compared to its peers, but based on Elgin's context, these changes have the potential to significantly improve both of those services for residents and LMPs and save the County money and are accepted practices within the municipal sector.





Organizational Redesign Costing and Productivity Gains

Financial Summary	
Annual Direct Costs	
Increased Contract Management Annual Direct Costs	(\$1,000)
New Staff Salaries Annual Direct Costs	(\$425,000)
Total Annual Direct Costs	(\$426,000)
Annual Productivity Gains	
Net Productivity Savings/Year	\$60,000

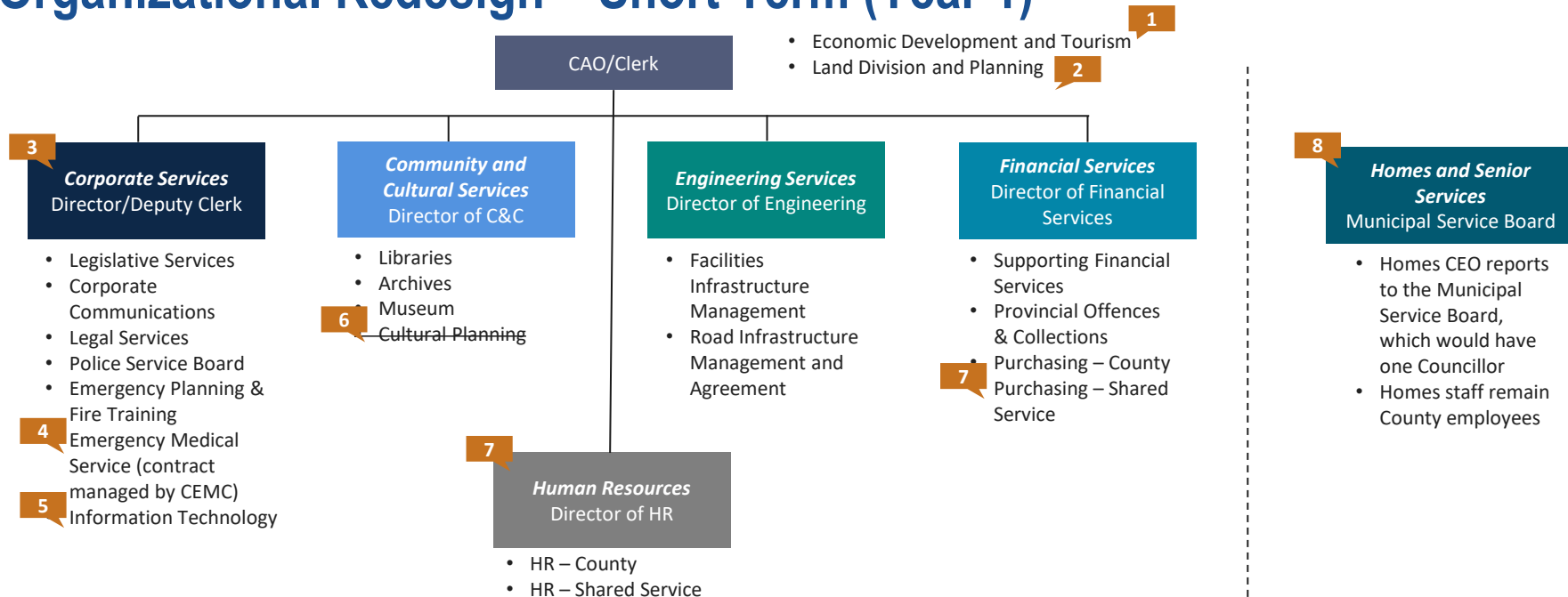
It is important to note that while the future state of the County's new organizational design requires the additional of three net new director level positions, the long-term savings of (1) transferring the homes to a municipal services board and (2) transitioning economic development to a regional economic development corporation will lead to significant overall savings for the County. Furthermore, these new positions not only allow the County to strategically expand its Planning Department, but also the productivity savings for the CAO can help her focus on strategic issues for the County and service delivery for residents. Michael Mankins' Harvard Business Review article "[Stop Wasting Valuable Time](#)" discusses the importance of saving leadership's time for strategic decision-making. Transitioning the CAO's current operational responsibilities to a Director of Corporate services will allow the CAO to focus their time on issues that impact the County's future and value to its residents and LMPs, such as improving shared services, establishing the municipal services board for the homes, and creating the Elgin-St. Thomas economic development corporation.

High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative. The following slides depict the progression to the future state.

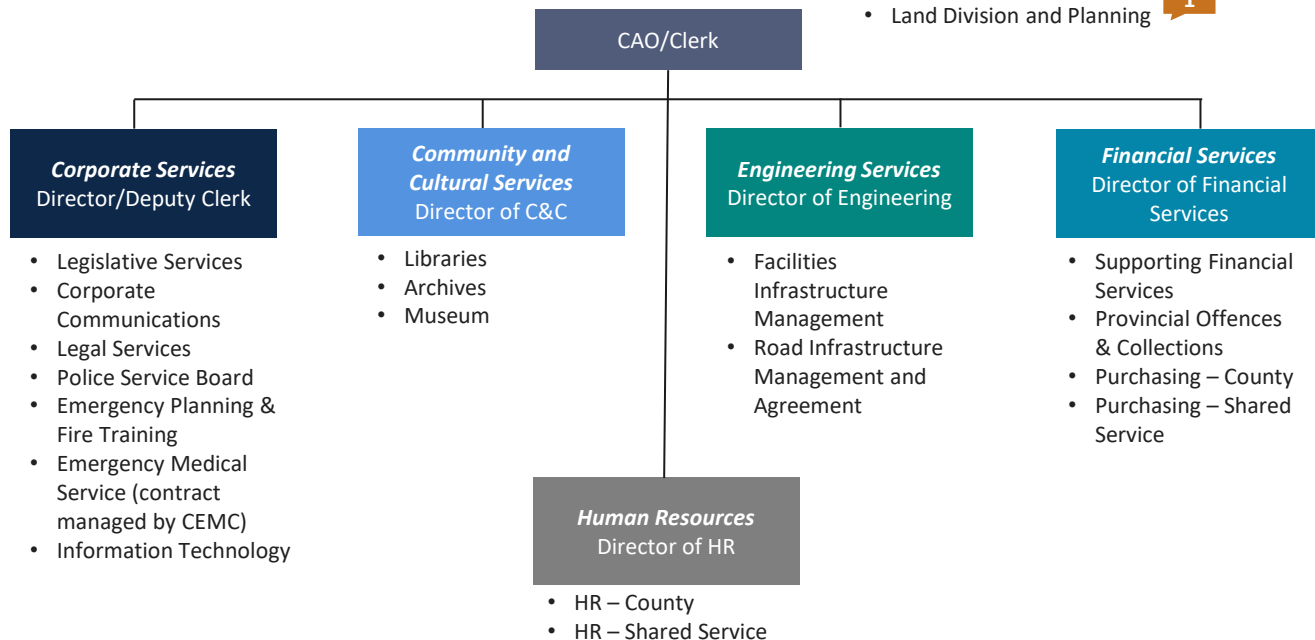
Activities	Q3/Q4 Year 1	Year 2	Year 3	Year 4	Year 5
Hire Director of Corporate Services					
Transition EMS Contract to Fire Trainer/CEMC					
Improvements to Land Division					
Implement HR and Procurement as a Shared Service					
Hire Homes Board and CEO					
Move Information Technology to Corporate Services					
Launch Economic Development Corporation					
Establish Development Services and IT Departments					

Organizational Redesign – Short-Term (Year 1)



1. Begin planning the transition to an economic development corporation.
2. Land Division and Planning remain with CAO in Year 1 while improvements to the Land Division process are underway. The Manager of Planning to take a more collaborative approach with LMPs.
3. By the end of Year 1, the County will hire a new Director of Corporate Services/Deputy Clerk.
4. EMS contract to be managed by Fire Trainer/CEMC immediately.
5. IT moved to Corporate Services, see the IT initiative for further explanation.
6. Cultural planning is not an active service at the County level and will be cut from the organizational structure.
7. Human resources and collaborative procurement as shared services being in Year 1.
8. Board and CEO chosen by end of Year 1.

Organizational Redesign – Medium-Term (Years 2-4)



Homes and Senior Services Municipal Service Board

- Homes CEO reports to the Municipal Service Board, which would have one Councillor
- Homes staff remain County employees

Elgin-St. Thomas Economic Development Corporation

- Corporate Board has representation from County, City, and community business leaders

1. Continued improvements to Land Division process, and Elgin County provides more support to LMPs on a cost recovery basis for planning.
2. Elgin-St. Thomas Economic Development Corporation fully operational by end of Year 4.

Improvements to Manual Processes

Initiative Overview

Serving Elgin

Strategic Alignment
Growing Elgin

Investing in Elgin
✓

Description

Staff have identified that there are numerous manual and paper-based processes across Human Resources, IT, Long-term Care Homes Management, and Finance Departments that allocate staff time to non-value-added activities. The resulting duplication in efforts and misallocation of staff time represent annual productivity gains that would be addressed by digitizing these processes through one or two software solutions, reallocating staff time to higher value-added activities. Staff are currently working together in the beginning phases to issue an RFP that will meet the unique requirements of each department. This initiative presents the annual productivity gains. The upcoming RFP process will determine the costs associated with this initiative.

Recommendations

- 1
Immediately create a training manual for all digital tools, like Laserfiche and Kronos.
- 2
Continue to pursue scheduled RFP as planned to procure one or two software solutions to streamline manual and paper-based processes across the organization.
- 3
Formalize an internal Project Management structure with clear roles and responsibilities, a project manager, and project resources to drive project cadence, meet key milestones, and support the integration of this important initiative across the affected departments within the organization.

Financial Impact

Estimated Annual Costs of Current Processes – Decreased Annual Productivity	
Timekeeping, scheduling, payroll, attendance, data entry, and records management processes	\$322,000
Estimated Annual Productivity Gains	
75% reduction in time spent on above processes	\$241,000
Rationale <ul style="list-style-type: none">Comparable municipalities have had similar experiences with manual processes in records management and estimated that automation can reduce the time spent per function by a minimum of 75% using an Electronic Records Management System (ERMS).Using a comparable benchmark, we estimated that by streamlining and automating the above processes using a common software platform, Elgin would also achieve comparable annual productivity gains of 75% by avoiding duplication of efforts, redundancies from paper-based processes, and direct staff time.	

Current Challenges

Throughout the staff consultation process, StrategyCorp identified common challenges with the current manual and paper-based program and processes used by staff to perform key back-office functions across the organization, such as timekeeping, accounts payable, and records management.



Lack of Training on Programs

Throughout the current state assessment, as well as further consultation with staff, staff identified that they feel time is inefficiently spent trying to learn how to use different programs or software.

- Staff identified that when they were onboarded, they often did not receive any formal training on using existing programs like Kronos or Laserfiche, so they spent considerable time trying to learn how to properly use the system to its full advantage.
- Senior Leadership have also noted that they often receive questions from staff on how to use these systems, but because they were not trained, they also don't always have the answers.
- In the interim, an up to date training manual for the existing programs and software would greatly support the onboarding process for new employees, and help current staff troubleshoot their own issues or make full use of the software's capabilities.



Ineffective Records Management

Staff identified that while Laserfiche does assist in electronic records management, it is a very manual, time consuming process to organize and file.

- Some staff who provided additional comments noted that it takes hours to find an organization and filing system within Laserfiche that works for them.
- As such, Management and Supervisory staff whose departments do not have a clerk function often have to spend their free time filing using Laserfiche. Because it can take around 5 minutes every time they have to file one document, they wait until "they have a pile" of documents to upload.



File Maintenance and Paper Use

Depending on the department, staff are inconsistent in their use of paper versus electronic records.

- Many of the forms for functions like vacation, supply requests, or timesheets are paper-based and are not formatted to be completed electronically. They are just scanned and stored on the shared drive or Laserfiche.
- A consistently communicated policy and approach to reducing paper use across the organization would help reduce paper consumption and support the standardization of digital processes.
- This consistent approach would also support the knowledge transfer and training of staff once these processes and functions are fully digitized, encouraging them to use digital formats in the interim before the RFP process is complete and the resulting software or program is operationalized across the organization.

Experience with Existing Processes

Staff (n=12) estimated the amount of monthly staff time is required to complete their daily or weekly tasks using the existing processes or software. The aggregate hours reflect staff time across the Community & Cultural Services, Human Resources, Libraries, and Finance Departments.

Process/Function	Time Estimate (hrs)	Software or Program Used	Monthly Cost per Function
Timekeeping	90	Kronos/Outlook/Excel	\$3,544
Scheduling	114	Kronos/Excel	\$4,489
Payroll	136	Kronos/Ceridian-Insync/Excel	\$5,356
Attendance	65	Kronos/INFOHR	\$2,560
Data Entry (employee job information, benefits, and time-off balances and requests)	113	Word Documents/INFOHR/Ceridian-Insync	\$4,450
Records Management	151	Laserfiche/Paper/Shared Drive/INFOHR	\$5,946
TOTAL HOURS SPENT PER MONTH	669	TOTAL PRODUCTIVITY COSTS PER MONTH IN STAFF TIME = ~\$26,815	

669 Hours x Median Wage Rate = \$321,778 in FTE time yearly on manual processes.

Implementation Considerations

Based on recent experience with a comparable municipality who undertook a similar procurement project for digitizing Employee Services, we have outlined some key considerations in the implementation of this RFP to mitigate associated risks and avoid unexpected costs. In this example, the project ultimately failed, and it took over four years (January 2015 – March 2019) from scoping the project to termination of contract.



Formalizing Project Management

A formal project management structure with clear roles and responsibilities can support project cadence and meet key milestones.

- In this example, the Employee Services project was not managed by an experienced or qualified project manager. Rather, an IT Services Manager led the project on behalf of all impacted departments.
- It took over one year to get the RFP finalized before it went out to market, but, as a result of limited efforts to collaborate and coordinate internally, the needs of the HR department were not adequately addressed in the original RFP.
- This extended the timelines for deliverables and milestones because internal discussions continued for 6 months after the contract was awarded.
- A formalized process for project management, led by an experienced and qualified project manager, can avoid missed milestones.



Avoiding Unexpected Use of Staff Time

This example tested the internal processes of the organization when the vendor was not delivering on their contractual obligations.

- Throughout the course of this failed project, staff at all levels of the organization (in addition to the project manager) were pulled in to support the project.
- At multiple times throughout the year, 3 to 4 full-time staff were pulled from their regular jobs and spent weeks at a time addressing issues and solving problems with the vendor.
- By putting in the work upfront and by accurately capturing the needs of each impacted department and function, the County can avoid unexpected use of staff time that drives up costs of the project and puts staff behind in their regular duties.



Avoiding Cost Overruns

In the case of this comparable municipality the use of binding tenders to select a vendor has resulted in budget overruns and poor vendor performance.

- To rectify a situation created by a consultant who was repeatedly told to maintain project budgets, four senior staff had spent significant time addressing issues caused by a poor performing vendor.
- Despite their efforts and multiple warnings to keep the project within the contract cost, the project was 48% over budget.
- As the organization was using a binding tender format, Legal Services advised there was no opportunity for recourse.
- A study from the United States identified that lowest bid tenders were 15% less likely to be completed on time and 44% less likely to finish within budget.¹

Structuring the Digital Transformation Project for Success

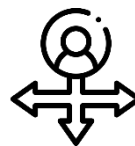
As the planned project to digitize existing manual processes across the organization progresses throughout its phases of completion and implementation, each phase will vary in its complexity and level of work effort required from Elgin County management and staff. A project management structure will provide the necessary support and integration to avoid delays, minimize risk of project disruption, and keep the project completed on time and on budget.

Elements of an Effective Project Management Structure

Element	Description	Benefits
Program Management Office ("PMO")	Comprised of the Program Lead and any support resources. Responsible for: <ul style="list-style-type: none"> Managing overall progress and performance of project workstreams and initiatives Allocating resources Providing strategic direction Reporting to the CAO and Senior Leadership on progress 	<ul style="list-style-type: none"> Centralized insights for performance management of the program Single point of accountability for overall program success Clear authority and decision-making for overall project Centralized point of contact between the vendor and the County
Change Management	Clear strategy to manage stakeholder impacts and communicate about the program, including: <ul style="list-style-type: none"> Communications strategy Stakeholder mapping Change strategy to support initiatives 	<ul style="list-style-type: none"> Create clarity among staff, project resources, and the successful vendor Clear understanding of change impacts across the program Manage expectations and create behavioural change over time
Performance Management	Identified metrics and processes to measure progress across initiatives and workstreams and report to the PMO and Senior Leadership. Includes: <ul style="list-style-type: none"> Key performance indicators Reporting processes and dashboards 	<ul style="list-style-type: none"> Proactive identification of issues and understanding of progress Ability to reallocate resources across the program to address risks and delays Data points to communicate success

High-Level Structure

CAO & SMT



Responsible for:
Providing strategic direction and leadership over the project, reallocating resources, and recalibrating timelines when challenges arise.

Project Lead



Responsible for:
Overall accountability for the cadence of the project and reporting to CAO & SMT, including managing the budget, key milestones, and timelines.

Project Resources



Responsible for:
Completing day-to-day tasks and deliverables in accordance with established timelines and as needed.

Implementation

Outlined below is a high-level implementation plan.

Activities	Q4 Year 1	Q1 Year 2	Q2 Year 2	Q3 Year 2	Q4 Year 2	Year 3 Onwards
Develop Internal Project Management Structure						
Issue RFP for Software Solution and Select Vendor						
Create Staff Training Materials						
Implement Change Management and Socializing Strategy						



Information Technology Services

Initiative Overview

Description

While Elgin County has talented IT staff, its IT functionality is behind other municipalities—it relies on primarily paper-based processes for recruitment, scheduling, among other processes. Furthermore, while digital tools like Laserfiche are helpful in digitizing documents, Elgin’s current suite of software tools are not framed in an overall IT Master Plan, leading to a reactive approach to IT. Though its two LMP clients for shared services are generally satisfied with IT as a service, they and other LMPs have noted that there are opportunities for improvement, and more LMPs would join this service if it became modernized and forward-thinking. This initiative explores how Elgin County can improve its IT services to provide a successful internal and shared service, similar to Middlesex County’s model.

Recommendations

- 1 Hire a Director of Corporate Services and move IT into the Corporate Services Department.
- 2 Mandate that the current IT staff work with the Director of Corporate Services to create a County-focused, three-year digital transformation strategy.
- 3 Once Elgin’s IT functionality is improved, begin attracting other LMPs and partners to the service and hire a Director of IT.
- 4 Expand the IT Department.

Financial Impact

IT Director Salary		\$120,000
Annual Direct Savings		Savings/Year
2020 Budget		\$69,000,000
0.5% Annual Direct Savings		\$345,000

StrategyCorp assumes that Elgin County would achieve .5% in annual direct savings from digital transformation initiatives, but the true level of annual direct savings will be dependent on the digital transformation initiatives it prioritizes. This estimate does not include the productivity, or “light green dollars,” saved.

Because the Director of IT’s salary is counted in the organizational design initiatives, we provide gross annual direct savings here instead of net savings.

Current Challenges in IT Services

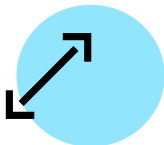
Outlined below are the current challenges facing the County's IT service.



IT Leadership: Like many municipal IT departments, IT services is housed within Finance. As a result, the increasingly more important and complex service is not led by IT leaders who have managed large scale IT service transformation. This leadership is needed to attract the LMPs who are not currently participating and improve the service's effectiveness.



Specialized Staff: As County IT staff have noted, they are unable to specialize in particular areas. This is due to the size of the service. This affects their ability to service the County and the LMPs.



Size: Compared to other County IT services (Frontenac, Northumberland, Middlesex, etc.), Elgin service does not have all LMPs participating in this service. This prevents the service in having the size to increase its staff size (preventing specialization) and its ability to service clients (internal and external) as effectively and productively.



Planning and Strategy: The service does not produce an IT digital strategy. Implementing a digital transformation strategy is based on two key pillars – a comprehensive strategy to assess the current state and deliver value over time, and an agile process to deliver products to customers at speed and scale. This would allow the County and its partners have a structured view on digital transformation.

For the County's IT service to improve the above issues must be addressed.

Options to Increase IT Effectiveness

To address both the immediate and long-term needs of the County, the following four options were explored:

Option One: Build IT Leadership and Staff Internally

Elgin's would build IT leadership and staff internally to grow a stronger service over the next 5 years.

- While the increased staff may be offset by the other LMPs joining the service, the IT Director position would need to be funded first to attract the communities.
- This position salary would cost the County \$120,000 annually plus benefits and overheads costs.

Option Three: Build Service with the City of St. Thomas

The City of St. Thomas has a similar IT service to the County. Together, the services would partner to increase staff capability and attract an IT Director.

- This would double the size of the existing IT staff, supporting increased specialization.
- The cost of the IT Director position would be split between two communities.
- In addition, the City, the County and the LMPs would create a joint digital strategy. This would be creating a shared understanding of the City's, County's, and participating LMPs' longer-term IT digital requirements and aspirations. This would lead to service improvements and cost reductions.

Option Two: Outsource to a Private Provider

Elgin would outsource its IT operations through an RFP.

- Private providers may provide this operational service at a lower cost through economies of scale.
- In addition, the day-to-day service level may be better because of the private providers' staff may be more specialized than the County's staff.
- However, its is unlikely that the service provider would support a comprehensive digital strategy which would result in long-term service level improvements and cost reductions.

Option Four: Outsource to Middlesex County

Elgin would partner with Middlesex County, a proven leader in the space, to improve its IT needs.

- Middlesex County has a strong IT service that has specialized staff and has a long-term digital strategy to embrace ongoing innovation in a planned manner.
- Instead of the County building a stronger service either alone or partnering with the City, partnering with Middlesex would reach the end result immediately.
- In addition, the County would partner with Middlesex to create a joint digital strategy. This would lead to service improvements and cost reductions.

Options Comparison

Each option has its unique benefits and constraints. Outlined below are option-specific evaluations.

IT Service Comparison				
	1: Develop Leadership and Staff Internally	2: Outsource to a Private Provider	3: Build Service with the City of St. Thomas	4: Outsource to Middlesex County
Benefits	<ul style="list-style-type: none"> • Control: By developing its service internally, the County would have full control of this service and how it meets the County's needs. 	<ul style="list-style-type: none"> • Cost Reductions: As a result of the size of outsourced IT providers, an external provider may be able to provide day-to-day service at a lower cost. 	<ul style="list-style-type: none"> • Reduced risk with increased control: Compared to Option 1, costs and risks of expanding this service is shared with the City. This option would have more County control compared to Options 2 and 4. 	<ul style="list-style-type: none"> • Low Risk and Quicker Implementation: From the County's perspective, this would be the fastest method to address its IT issues while being a low risk option for Elgin.
Constraints	<ul style="list-style-type: none"> • Risk: This is the riskiest option as Elgin would need to eventually fund new positions on its own before costs can be recovered by LMPs. • Time: Using the Middlesex case study as an example, this option would take multiple years to implement. 	<ul style="list-style-type: none"> • Servicing: Depending on the provider, responsiveness and service levels may not be as strong as the other options. • Strategic Planning: Outsourced IT providers rarely support long-term digital planning. This would be a missed opportunity for the County and its partners. 	<ul style="list-style-type: none"> • Intermunicipal Coordination: Coordinating this service between the City and the Council will be challenging to ensure that clear governance and funding is established that meets all parties' needs. 	<ul style="list-style-type: none"> • Feasibility: Elgin would be the largest client of Middlesex's service. As a result, they may be apprehensive to provide this service to Elgin.

StrategyCorp's recommends that the County pursue Option 1, which is explained on the subsequent slides.

SCI's Recommendation: Internal, Phased Approach to Improvements

IT serves both the County's internal functions and is a shared service provided to Central Elgin and Bayham. Given that the two LMPs participating in this service are generally satisfied with their support, the County's immediate need is to create an internal digital transformation strategy and prioritize a few key areas for modernization in the short-term.



Phase One: Internal Digital Transformation Strategy

- In the immediate term, the County should hire a Director of Corporate Services and move IT under this Director. This Director should work with the Manager of IT to internally develop a three-year, digital transformation strategy for the County, prioritizing needed, "quick wins" to modernize the processes that present the largest challenges for the County.
- As the County implements this plan over the three years, it can continue to provide the same level of service to the LMPs.
- As part of its digital transformation, the County should prioritize transitioning its IT staff from a team of generalist to more specialists. It can do this through planned training and development of IT staff in key specialty areas.



Phase Two: Expand Shared Services and Partnerships

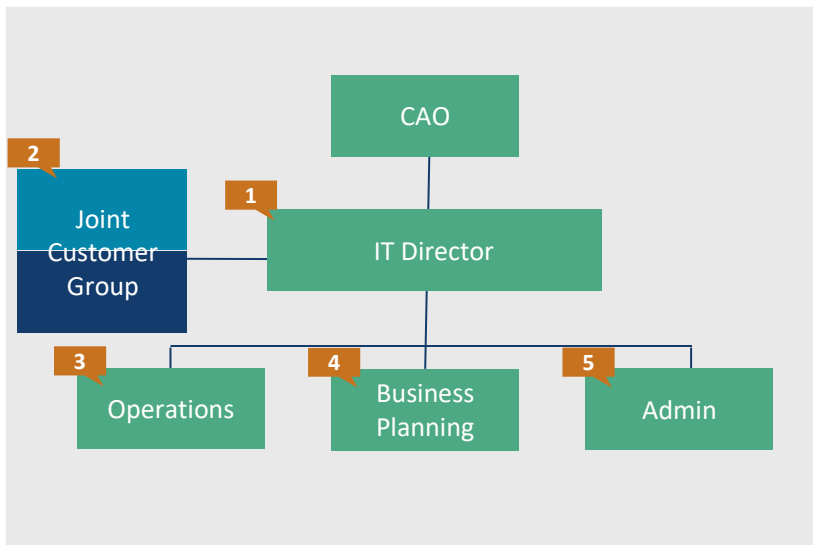
- Once the County has incorporated digital tools more effectively into its own organization, then it can begin to consider how to expand IT as a shared service and pursue partnerships with other municipalities. One critical first step will be to hire a Director of IT. Between years 3-5, the County should plan to build up its IT shared services so that IT becomes its own department by Year 5.
- The City and County have discussed opportunities to work together, including undertaking an independent review to identify areas of IT synergies between the two organizations. Though the City demonstrated interest in this review in the short-term, the City, Entergrus Powerline, and the County are at very different IT operational levels, and a joint review now may end up providing disjointed results.

StrategyCorp recommends this phased approach for four reasons:

1. While outsourcing IT to a private provider or Middlesex may solve the current challenges related to the help desk function of IT quicker, the County still needs a resource who will drive continuous digital transformation projects in the County. One of the County's primary issues related to IT is a lack of strategic vision, and outsourcing will not solve this challenge.
2. The County is at a different IT operational level from the City of St. Thomas, and committing to work together at this stage is a risk for the City.
3. Mandating that the current IT Manager undertake a three-year digital transformation strategy with the new Director of Corporate Services allows for little disruption to the County in the short-term and provides staff an opportunity to own a transformation project under a new Director who has the capacity to oversee a strategic initiative.
4. Choosing to outsource at this time is effectively a decision to exit IT altogether and lose IT as a shared service. Elgin's LMPs stated that they are interested in hiring the County for IT if it can improve its department. Given that Elgin's primary challenge is a lack of IT leadership, this approach directly addresses that problem.

Elgin's Future IT Department

In Elgin's future state, its IT department should be organized according to the following framework.



Departmental Description

- **#1 IT Director:** Elgin would hire a new IT Director. The main focus of this position is to provide IT leadership, attract remaining LMPs to grow the service's scope, and support digital strategy development of the County and the LMP customers, supporting the transition to digital methods of service delivery, which are the most cost effective for residents and improve the customer experience.
- **#2 Joint Customer Group:** Key departmental leads from the County and LMPs would create the Joint Customer Group. This group would help to identify IT needs and requirements between the communities and support the development of a joint IT digital strategies.
- **#3 Operations:** Following the Middlesex model, the operations team would be the day-to-day help desk, and these staff would be specialized in IT services. Exact FTEs would be determined by the County and LMP need.
- **#5 Business Planning:** Following the Middlesex model, these staff would support longer term planning and digital transformation including business analysis, process improvement, and workflow automation. Exact FTEs would be determined by the County and LMP need.
- **#6 Administrative Services:** The service would a new service for both the County and LMPs. This would include assisting with IT procurement, IT asset management, licensing for all clients, etc.

Middlesex County: A Case Study in Effective IT Services

Outlined below are key aspects of the Middlesex County IT services that should be considered when improving Elgin's service.

- **IT leadership, operations, business planning and procurement services:** Middlesex County invested in an IT Director in 2010 with IT transformation experience. This led for the County service to be restructured into three groups (technical services, business planning, and administration). The technical services group, comprised of six people, act as a help desk function, servicing the clients' day-to-day IT needs. The business services group, comprised of four people, provide data analysis, business analysis, process improvement, and workflow automation to their clients. The administration service group, comprised of two people, assist with IT procurement, asset management, licensing on behalf of their ten clients.
- **Service size provides economies of scale:** In 2010, Middlesex attracted its first client. It now has a service size that allows for not only operational support but more higher function IT services that leads to digital transformation. This was due to the service's leadership that focused on redesigning the services to have highly skilled specialists and foster a relationship of trust and customer service with its clients. As a result, Middlesex was able to attract a number of LMPs and public sector organizations to fund a large service.
- **Focused on customer service and relationship management:** The service places a large focus on customer service. The staff are interviewed and selected on their ability to provide customer service to the service's clients. In addition, staff are evaluated on their customer service abilities. This places client trust in the service and retains the clients needed to fund this service.
- **Perform services on a cost recovery basis:** Middlesex provides their IT services on a cost-recovery basis. There is a clear IT shared service agreement with its clients. If the client is asking for a service that is out of scope of the agreement, the scope of work must be changed to recognize materials and labour that is needed. Most LMPs were able to reduce their IT spend by two-thirds by entering this service.

Cost-Savings Assumptions

Outlined below are examples of the impact of digital transformation on cost savings. It should be noted that there are limited case studies that quantify the savings of digital transformation on public sector organization's budgets.

Digital Strategies Case Studies



The Region of Peel defined five themes associated with its digital strategy, focusing on the need to deliver the services that residents and businesses require, how and when they want them. The five themes include excellent customer service, improved & secure technology, managing & using the information, agile & responsive systems, and cost-effective implementation.

The Region stated that “there is now a need to have all of the regional services offered on multiple channels including digital.”



The Town of Oakville is in the process of enhancing digital government services through the formulation, implementation and management of a digital strategy within a digital government program. Oakville is: “embracing digital solutions to enhance citizen services, drive operational excellence and meet the challenges of a mobile-first world, making online services simpler, easier and faster to use”

Financial Impact for Elgin



An Innovation Cloud article cites that when digital tools are properly managed, they can increase productivity and reduce costs by 5%.² However, it is important to note that this private sector assumption may not be directly transferrable to the public sector context. StrategyCorp conservatively assumes that Elgin would achieve .5% savings, which is one-tenth of the private sector savings. It is important to note that this number is a “dark green” dollar savings potential and does not include productivity savings.

Financial Impact for Elgin	
IT Director Salary	\$120,000
Annual Direct Savings	
2020 Budget	\$69,042,342
.5% Annual Direct Savings	\$345,000

Elgin's level of annual direct savings will be depending on the digital transformation initiatives it prioritizes. This estimate does not include the productivity, or “light green dollars,” saved.

Approach to Municipal Digital Transformation

StrategyCorp recommends the following framework for developing a digital transformation strategy.

Level 1: Function

What does the municipality exist to do? What services does it provide, and where does it want to go? How can IT/digital tools support its services and operations?

At the highest, level, municipalities need to articulate (1) what their core business and strategic priorities are, (2) what are the models for delivering the core business and achieving the strategic priorities (i.e. services and the internal operations that support them), and (3) what are the information technology needs to support those models?

Many municipalities understand their core business, strategic priorities, and business/service models for delivering the core business and achieving the strategic priorities, but they may not fully understand how their services or operations could be improved through information technology/digital tools.

Level 2: Architecture

What is the “structure” of the IT needs to deliver the core business and achieve the strategic priorities? Form follows function.

Municipalities need to understand where those needs fall within an IT architecture framework and need to develop a comprehensive IT architecture framework to deliver their core business and strategic priorities.

StrategyCorp uses the Perry Group Consulting’s municipal IT framework below.¹ Many municipalities have components of an architecture but lack a clear link from the “function” of the municipality (Level 1) to the “form” of its IT architecture (Level 2).

1. Technology Infrastructure Layer

Facilities, Network, Server, Storage, Devices, IoT, Collaboration Tools, Security, Disaster Recovery

2. Business Solutions Layer

ERP, PRM, WMS, CRM, ECM, etc.

3. Integration and Analytics

Integration/ETL, Data & Standards, GIS, BI & Analytics

4. Customer Facing Layer

Web, Social/Engagement, Digital Services, Chat, Apps

Level 3: Tools





What are the specific hardware tools and software programs they use?

Once the architecture is established, municipalities need to decide the specific tools they want to use within their architecture. For example, if the municipality needs an ERP, will they use SAP or Microsoft Dynamics?

One challenge that StrategyCorp has uncovered is that many municipalities understand their tools—and the challenges with those tools—but there is not a clear link to their place in the architecture and how the tools could be optimized to deliver the core business and strategic priorities. In other words, there is not a uniform understanding across the organizations on where the tools fit in the overall IT architecture and strategy.

Implementation

Outlined below is a high-level implementation plan.

Activities	Year 1	Year 2	Year 2	Year 3	Year 4	Year 5
Hire Director of Corporate Services						
Director of Corporate Services and Manager of IT to develop internal, three-year digital strategy						
Implement digital strategy						
Develop plan for improving IT as a shared service and begin searching for an IT Director						
Establish IT Department and expand IT as a shared service and explore partnership opportunities						



Collaborative Initiatives with Elgin LMPs



Design Principles for Service Coordination

Initiative Overview

Serving Elgin



Strategic Alignment

Growing Elgin

Investing in Elgin

Description

Historical challenges between Elgin County and its LMPs continue to impact their shared services relationship today, and this initiative explores how codified processes on how shared services are designed, agreed upon, and governed can improve the relationship. While all of the LMPs agree that the County has provided many successful shared services and that new leadership at the County level has improved the working relationship, the primary challenges that remain are the roads maintenance agreement (RMA) and the process surrounding establishing new shared services. Both Elgin County and the LMPs want to continue to improve the working relationship and have agreed that policies that balance responsibilities on both sides are needed.

Recommendations

- 1 Codify consultation processes for new shared services.
- 2 Codify risk mitigation strategies into agreements.
- 3 Undertake independent appraisals for the costs of delivery for shared services.
- 4 Do not use a weighted County levy option for cost structures.
- 5 Add shared services as a standing item on the County-LMP CAO meeting agendas.
- 6 Establish governing processes for the current advisory committee for the roads maintenance agreement.
- 7 Conduct annual reviews of all shared services.

Impact

Implementing these recommendations is a value-added activity that will require staff time and potential investments from the County and LMPs. However, it will have the following impact:

- **Balanced interests.** The consultation process will include policies to ensure that interests are balanced and reflected in final agreements. It will also include mechanisms for resolving conflicts.
- **Improved communication and transparency.** The consultation process and consistent discussions on shared services will force communication on shared services.
- **Predictability.** Codified processes for establishing and governing shared services allows all parties to know what to expect when approaching new shared services.
- **Opportunities for continuous improvement.** Adding shared services to CAO meetings and annual reviews provides more opportunities for identifying areas of improvement.

Initiative Background

Several shared services in Elgin County function well, such as the accessibility coordinator, integrity commissioner, archives, among others. The primary challenges that remain are in the roads maintenance agreement (RMA) and the process surrounding the establishment of the new shared services. New leadership at the County level has improved the relationship between the County and LMPs, but the remaining challenges are long-standing and complex and require increased attention. The County and LMPs both desire to address the challenges with these services and improve the working relationship so that they can find more opportunities to work successfully together.

Through StrategyCorp's analysis of the issues surrounding the RMA and the process on establishing the fire trainer agreement, we assess that the challenges from both the County's and LMPs' would be mitigated through codified policies on how shared services are established, priced, and governed. While creating more process around shared services will require County and LMP investment and may feel rigid, policies that balance responsibilities between the County and LMPs create a structure for working together that can improve coordination among the eight different parties and lead to the following outcomes:

- ✓ **Balanced interests.** Balancing the needs of eight different parties is difficult, and having policies that guide how new shared services are established and how conflicts are resolved can ensure that the interests of all sides are reflected in final agreements for services.
- ✓ **Improved communication and transparency.** Ensuring that all eight parties receive and understand the same information can be challenging, and communications policies ensures consistency in information sharing and improves transparency.
- ✓ **Predictability.** Codified policies for establishing and governing shared services provides more predictability for approaching shared services than ad-hoc approaches. All parties understand what to expect in the process, which can make exploring new shared services easier.
- ✓ **Continuous improvement.** Adding shared services as a standing agenda item at CAO meetings and annual reviews and creating policies around discussing and assessing these services provides more opportunities for identifying areas of improvement.

StrategyCorp recommends that codified policies around how shared services are established and governed be implemented in order to address the shared services challenges between LMPs and the County. These policies must lay out a balanced approach to each party's roles and responsibilities, and the policies must be agreed upon by both the County and LMPs.

Shared Service Recommendations: Establishing Shared Services

Through consultations with LMPs and the County, the following are two recommendations for establishing shared services in Elgin County:

Recommendation	Description
Codify consultation processes for establishing new shared services.	<p>Codifying a consultation process for establishing shared services to balance the interests of the multiple parties is a best practice and allows the parties to focus on finding areas of alignment and designing the shared service.</p> <p>The County and LMPs would hire a third party consultant on large expenditure shared services to work with each LMP and the County to design a shared services consultation process that establishes clear roles and responsibilities for all eight parties. As the County and LMPs look to more shared services, this consultation process will continue to be used and may need to be updated over time.</p>
Risk mitigation strategies should be unique for each shared service, agreed upon during consultation process, and codified into agreements.	<p>As the County and LMPs establish more shared services, there will always be elements of risk of working together that need to be managed. The County and LMPs agree that risk should be shared, and the risk mitigation strategies should be agreed upon and included in shared service agreements. The risk mitigation strategies will look different depending on the risk associated with the service itself.</p> <p>For example, if the LMPs agree that the County should provide a shared service that the County itself does not need, the risk of an LMP pulling out of an agreement should be shared, and the mechanism for managing this risk should be included in the shared service agreements.</p>

Shared Service Recommendations: Costing Shared Services

Through consultations with LMPs and the County, the following are two recommendations for costing shared services in Elgin County:

Recommendation	Description
Undertake independent appraisals for the costs of delivery shared services.	<p>During the consultation process for establishing new shared services, if the County and LMPs cannot agree upon the costs of delivery for shared services, then they should work together to undertake independent appraisals for the cost of those services. This will ensure that costs are based on market value, leading to fair and independent contribution agreements.</p> <p>Costs for undertaking independent appraisals should be shared by Elgin County and participating LMPs.</p>
Charge for shared services through the County levy, hourly/project rates, or contribution agreements—and not a weighted County levy.	<p>The LMPs acknowledged that some services can be easily charged on an hourly or project-based fee, such as human resources support, and that some services are more appropriate within the County levy or a yearly contribution agreement. As a general principal, shared services that do not directly benefit residents—such as back office functions like human resources—should be charged at an hourly or project rate or a yearly contribution and not the County levy.</p> <p>Both parties do not believe that pursuing a weighted County levy is necessary at this time given the administrative challenges.</p>

Shared Service Recommendations: Governing Shared Services

Through consultations with LMPs and the County, the following are three recommendations for governing shared services in Elgin County:

Recommendation	Description
Add shared services as a standing item on the County-LMP CAO meeting agendas.	<p>Elgin County and the LMP CAOs desire more consistent communication on the effectiveness of shared services. They have agreed that adding shared services as a standing items at the County-LMP CAO table is the best way to approach more consistent discussions on shared services. They are interested in discussing all shared services at the CAO table—even ones that not all LMPs participate in—so that LMPs know what shared services are available and how well they are working to assess if they want to join new shared services.</p> <p>Additional policies to support effective meeting governance on these topics and County and LMP roles and responsibilities should be implemented—for example, policies around when agendas and accompanying materials must be sent and acknowledgement of receipt.</p>
Establish governing processes for the current advisory committee for the roads maintenance agreement.	<p>In addition to discussing the RMA as part of the CAO standing shared service agenda item, the County and LMP should establish and codify governing processes to formalize the current meetings between County and LMP staff on the RMA.</p> <p>This recommendation is further discussed in the Roads Maintenance Agreement initiative.</p>
Conduct annual reviews of all shared services and report findings to the CAO table.	<p>In addition to discussing shared services at the CAO table throughout the year, annual reviews of shared services would should be implemented as a way to collect feedback and identify opportunities for improvement.</p>

High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q3-Q4 Year 1	Q1-Q2 Year 2	Q3-Q4 Year 2	Q1-Q2 Year 3	Q3-Q4 Year 4
Add shared services as a standing item on the County-LMP CAO meeting agenda					
Conduct annual reviews of all shared services					
Codify governing processes for the RMA					
Agree upon and codify policies for shared services consultation processes					
Codify risk mitigation strategies into agreements				Ongoing	
Undertake independent appraisals for the costs of delivery for shared services				Ongoing	



Roads Maintenance Agreement

Initiative Overview

Description

The Roads Maintenance Agreement (RMA) is the primary area of tension between the County and LMPs and negatively impacts the County and LMPs' working relationship. While the LMPs and the County have taken steps to improve communication in recent years, the policies governing this service need to be updated, and the funding arrangement needs an independent review. Both parties want to improve the working relationship surrounding the RMA, and this initiative provides recommendations on steps the LMPs and County can take to do so. Council should prioritize these recommendations and invest time and resources as needed because improvements to the RMA will positively impact other shared services and future opportunities.

Recommendations

- 1 Add the RMA as a standing item on the CAO meeting agenda.
- 2 Establish governing processes for the current advisory committee for the roads maintenance agreement.
- 3 Codify policies for working together to discuss, resolves issues on, and continue to improve the RMA.
- 4 Develop service standards and best practices to further clarify the Schedule C Scope of Services expectations.
- 5 Undertake an independent review of the funding arrangement.
- 6 Improve the financial reporting process.
- 7 Improve and digitize the quarterly reporting process.

Impact

Implementing these recommendations is a value-added activity that will require staff time and investments. However—similar to the shared services design principles—updating and codifying governance policies on this service create a structure that can (1) ensure interests are balanced, (2) improve communication and transparency, (3) create a level of predictability and shared expectations for working together, and (4) allow for continuous identification of improvement opportunities.

The independent review may find that the County needs to provide more funding for the RMA and should raise the County levy. Council should support its findings for two reasons: (1) solving the funding issue will improve the working relationship between the County and LMPs, which will have cascading effects to other services, and (2) Elgin residents pay for and benefit from safe and well-maintained roads, and the taxes raised to support this should be sufficient and have equitable impact on the County and LMPs' budgets.

Initiative Background

Background on the Roads Maintenance Agreement

The 1998 restructuring of Elgin County resulted in the dissolution of the County roads department, and, pursuant to an order in County Council, County road maintenance responsibilities were transferred to the lower tiers—along with personnel and assets. Because the County maintained ownership of the roads, bridges, and culverts, a roads maintenance agreement (RMA) between the County and lower tiers was negotiated (over the course of seven years). Only one other County—Lennox and Addington—has a somewhat similar agreement.

In 2017, the RMA was renegotiated among all LMPs, and a new agreement was created for January 2018 – December 2022 with a potential for a 5-year extension. It includes provisions on minimum maintenance standards as designated by provincial legislation and an additional scope of services, which were recommended by the roads superintendents of the LMPs—for example tree trimming, grass cutting, etc. The County provides a \$/km amount, and LMPs are expected to meet the minimum maintenance standards and the additional scope of services. All LMPs meet the minimum maintenance standards, and LMPs are required to submit quarterly reports to the County.

When presented alternative options to the RMA for County road maintenance, both the LMPs and County agreed that the RMA is the best option but that improvements need to be made to improve the service. Because roads is a large item on both the County and LMP budgets, improving this service is a high priority for both parties. The recommendations presented in the following slides aim to solve what were identified as the primary problems with the RMA:



Funding



Reporting



Enforcement



Communication

StrategyCorp primary recommendations are that an independent review of the funding should be undertaken and that new and updated governing policies be established to provide a clearer framework for working together. New governance policies must lay out a balanced approach to each party's roles and responsibilities, and the policies must be agreed upon by both the County and LMPs.

RMA Improvement Recommendations (1/4)

Through consultations with LMPs and the County, the following are seven recommendations for improving the roads maintenance agreement:

Recommendation	Description
<u>Recommendation 1:</u> As part of the shared service standing item at the CAO meetings, discuss the RMA more regularly among CAOs to improve enforcement issues.	The County and LMPs believe that more consistent communication at the CAO table on the RMA can improve the current enforcement issues and can identify opportunities for improving this service. Having the RMA as a standing item on the meeting agenda provides a channel for resolving conflicts and ensuring that the expectations from the County and LMPs are met.
<u>Recommendation 2:</u> Establish governing processes for the current advisory committee for the roads maintenance agreement.	<p>County and LMP staff need more consistent communication on the RMA. While there are currently meetings for the RMA, policies that govern these meetings should be established and implemented, and the roles and responsibilities should be clearly articulated and balanced. For example, the County should send agendas and accompanying materials a number of days in advance, and LMPs should be required to acknowledge receipt of materials.</p> <p>One of the activities of this committee would include collaborating on capital projects. The County and LMPs can liaise with one another when developing their 5-year capital plan to ensure that the County is aware of needed capital improvements.</p>

RMA Improvement Recommendations (2/4)

Recommendation	Description
<p><u>Recommendation 3:</u> Codify policies for working together to discuss, resolves issues on, and continue to improve the RMA.</p>	<p>The County and LMPs need codified policies for how to discuss and resolve issues on the RMA. For example, there needs to be an agreed upon procedure in place for how issues will be brought forward and dealt with at the CAO table and when issues need to be escalated to Council. These policies must balance responsibility between the County and LMPs and must be agreed upon by all parties.</p> <p>While adding more procedures may feel tedious, having governance policies is a best practice when several parties are involved for the reasons outlined at the beginning of this section. <i>This recommendation should be implemented as soon as possible because the principles and policies should guide the implementation of the recommendations on the following slides.</i></p>
<p><u>Recommendation 4:</u> Develop service standards and best practices to further clarify the Schedule C Scope of Services expectations</p>	<p>Both the LMPs and County have acknowledged that further clarity is needed on the service standards and expectations on the Scope of Services outlined in Schedule C of the RMA. There is currently a lack of standards for these services, which contributes to perceptions of inequity. Using the policies and principles developed through Recommendation 3, the LMPs and County should work together to align on the service standards for Schedule C.</p> <p>The service standards for the Schedule C services must be established before the independent funding review and before quarterly reporting and financial reporting process are updated.</p>

RMA Improvement Recommendations (3/4)

Recommendation	Description
<p><u>Recommendation 5:</u> In advance of the RMA renewal, undertake an independent review of the \$/km funding arrangement.</p>	<p>The current funding arrangement is one the key areas of tension regarding the RMA. Once the service standards for the Scope of Services in Schedule C are established, the County and LMPs should work together and share the cost of hiring an independent reviewer to review the current \$/km funding amount for both operational and capital expenses and recommend an updated \$/km quantum if needed. It is important that this exercise take place after the service standards for Schedule C are aligned on because the reviewer should consider both the current funding and the needed funding to achieve the new service standards. If funding increases are recommended, Council should support the needed increases to the County levy.</p> <p>As part of this process, the reviewer should undertake an index review and a market assessment via tender to understand market costs for the services. The consultant would work with the County and LMPs to develop a tender to use as a market test that best reflects the current realities of the RMA arrangement. For example, it should consider:</p> <ul style="list-style-type: none">• Differences in managing private sector contractor vs. public sector contractor• Administration costs with responding to public concerns and complaints on roads• Fleet capital costs <p>The review must be completed in advance of the 2022 renewal period so that updated service standards and funding arrangements can be included in the new contract.</p>

RMA Improvement Recommendations (4/4)

Recommendation	Description
<u>Recommendation 6:</u> Improve the quarterly reporting template to make it less repetitive and allow it to be digitized.	Both the County and LMPs have noted that the quarterly reporting templates are repetitive and could be improved to more effectively report road maintenance activities. The County and LMPs should work together to identify and invest in the use of a consistent patrol, AVL/GPS software program and computerized maintenance management programs. Such a program would allow for a complete migration to a digital reporting process, creating consistent reports and reducing staff reporting time.
<u>Recommendation 7:</u> Improve the financial reporting process.	Both the County and LMPs feel that the financial reporting process would be improved to better account for the costs associated with the RMA and to ensure that the reports are in a consistent format from all LMPs. Using the agreed upon policies and principles for working together, the County and LMPs should align on a standard financial reporting process that meets both parties' needs.

High-Level Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1-Q2 Year 1	Q3-Q3 Year 1	Q1-Q2 Year 2	Q3-Q4 Year 2	Q1-Q2 Year 3
Add the RMA as a standing item on the CAO meeting agenda					
Establish a separate advisory committee for the roads maintenance agreement					
Codify policies for working together to discuss, resolves issues on, and continue to improve the RMA					
Develop service standards and best practices to further clarify the Schedule C Scope of Services expectations					
Undertake an independent review of the \$/km funding arrangement					
Improve the financial reporting process					
Improve the quarterly reporting process					



Collaborative Procurement

Initiative Overview

Serving Elgin

✓

Strategic Alignment

Growing Elgin

Investing in Elgin

Description

Elgin County staff and the LMPs recognize the significant annual direct savings opportunities through more strategic sourcing and collaborative procurement of commodities and services. In particular, there are commonly purchased items like aggregates or services listed in the roads maintenance agreement that may be easily shared to find annual direct savings. Hiring an additional resource at the County level to source and bid on goods and services on behalf of the County and LMPs would lead to a significant return on investment. While hiring an additional resource at the County level is a low-cost investment—salaries for these positions range from \$75,000 to \$85,000—there are risks to be addressed. The following slides lay out two options for implementing this initiative and risks, mitigation strategies, and other implementation considerations for the County to be mindful of when pursuing this initiative.

Options for Implementation

- 1
- The County would hire a procurement specialist who would provide procurement support to LMPs on an hourly or project basis and manage a centralized, online bids and tenders site for the County and LMPs. When not supporting LMPs, their time would be used to support County procurement and contract management needs.
- 2
- The County would hire a procurement specialist whose salary would be paid for through a yearly contribution agreement with the LMPs. This resource would identify opportunities for collaborative procurement and develop shared tenders that reflects LMP needs. LMPs would need to agree to a set of principles regarding opting out, service level standards, etc.

Financial Impact

Financial Summary	
Annual Direct Costs	
Procurement Specialist Salary	(\$80,000)
Net Costs/Year	(\$80,000)
LMP Annual Direct Savings	
Potential Contract Total	\$7,380,000
5% Savings	\$369,000
15% Savings	\$1,107,000
Net Annual Direct Savings – 5% Savings	\$289,000
Net Annual Direct Savings – 15% Savings	\$1,027,000

Initiative Background

Elgin County's Current State Assessment

Through StrategyCorp's current state analysis, we found that all of Elgin County's LMPs are interested in working with the County on collaborative procurement initiatives because they are familiar with the case studies across Ontario (described on the following slide) that demonstrate the annual direct savings. Given that most LMPs do not have procurement specialists on staff, they see this as an opportunity not only to find annual direct savings, but also to reduce the administrative burden of procurement on the CAOs and staff.

A number of LMPs already share contracts for the following goods and services, and they are open to exploring more opportunities:

- GIS
- Line Painting
- Surface Treatments
- Signage Retro-Reflectivity
- Weed Spraying

In the following slides, StrategyCorp will present the vision for collaborative procurement, principles for its success, and implementation options.



The annual direct savings through collaborative procurement is well known among Elgin County LMPs. Ultimately, this initiative aims to achieve (1) achieving savings through more collaborative purchasing and (2) reducing the administrative burden of procurement on LMPs who lack procurement support.

Best Practices in Municipal Procurement

Using Ontario Municipal Knowledge Network's research in *Leading Practices in Municipal Procurement*, we have outlined areas in which the procurement specialist would support Elgin's local municipal partners in adopting best practices to decrease the municipality's risk and increase vendor performance.



Governance improvements – The procurement specialist would work with the municipalities to ensure that there are procurement planning requirements for communities and that all procurement policies contain best practices, such as requirements for types of goods and services, segregation of duties, records retention, dispute resolution mechanisms, etc.



Resource, Training, and Support – This resource would ensure that all communities have templates and forms that are easily accessible to staff and holds training sessions to individuals that participate on evaluation teams, as well as other training and resources for Elgin staff.



Process Efficiency – This resource would support improved process workflow of approving large purchases to standardize processes and improve staff productivity.



Annual Direct Savings – This resource would support municipalities in creating standardized metrics to measure the result of a procurement to support learning and cost saving. In addition, this resource would support the adoption of innovative methods, such as research auctions for goods and services in which price is the primary consideration.



Contracting – This resource would support municipalities in adopting a vendor performance monitoring policy to ensure contract compliance and assist in identifying vendors that may be excluded from future competitions.



Joint procurement – This person would support staff to identify what goods and services would be good candidates for joint procurement and what procurement consortiums to participate in.

Jurisdictional Examples

Outlined below are municipal examples of successful collaborative procurement initiatives undertaken by lower- and upper-tier municipalities across Ontario. In both cases, they leveraged cooperative purchasing organizations, such as OECM and AMO, to achieve annual direct savings.

Collaborative Procurement Case Studies



In 2012, the Municipal Finance Officers' Association of Ontario released a report titled *Shared Services in Ontario's Local Public Sector: Localizing Accountability*, which providing guidance for municipalities on how to develop, govern, and sustain shared services. As part of their report, they explored five case studies, including the Peterborough County Purchasing Group. Their case study found that **this purchasing collaborative saved 5-15% of product and service costs.** ¹



The York Region N6 is a purchasing collaborative comprised of the six northern municipalities in York Region: Town of Georgina, Town of East Gwillimbury, Town of Whitchurch-Stouffville, Town of Newmarket, Town of Aurora, and the Township of King. The group works together under the following key tenets: (1) equality regardless of size, (2) ability to take calculated risk and use innovation, and (3) ability to participate or not. **Together, the group has found 5-10% in annual direct savings by working together.** ²

Cooperative Purchasing Organizations



OECM is a not-for-profit collaborative sourcing partner for Ontario's broader public sector. Their marketplace offers products and services available to be purchased through OECM agreements in categories such as Facilities and Operations, Finance, and IT. Purchasing through OECM not only helps to achieve competitive pricing, **with average overall direct savings of 37%³**, but ensures compliance with broader public sector procurement directives and regulatory requirements.



AMO is working with municipal associations from across the country to offer cooperative purchasing programs to members. These programs leverage the buying power of over 5,000 member organizations to yield important benefits, such as competitive pricing, consolidated invoices, additional time to pay, and greater bargaining power to secure better prices. ⁴

1. *Shared services in Ontario's local public sector: localizing accountability*. Municipal Finance Officers' Association of Ontario. 2012.
2. *York Region N6 collaboration initiatives*. Ontario Municipal Administrators' Association. 2018.
3. OECM. 2020.
4. *Harnessing the power of cooperative purchasing*. Municipal World. 2020.

Collaborative Procurement – Annual Direct Savings

Provided below are a list of contracts that would be potential candidates for shared contracts and estimated annual direct savings using 2019 actuals.

Goods/Services	Aylmer	Bayham	Central Elgin	Dutt.-Dun.	Malahide	Southwold	West Elgin	Total	5% Savings	15%
Aggregates	Aylmer data not provided	\$ 170,000.00	\$ 110,000.00	\$ 217,000.00	\$ 320,350.00	\$ 231,933.00	\$ 360,382.10	\$ 1,409,665.10	\$ 70,483.26	\$ 211,449.77
Road Paving, and Surface Treatments		\$ 310,000.00	\$ 650,000.00	\$ 355,878.00	\$ 804,400.00	\$ 132,504.00	-	\$ 2,252,782.00	\$ 112,639.10	\$ 337,917.30
Contracted Winter Road Maintenance		\$ 50,000.00	-	-	\$ 530.00		-	\$ 50,530.00	\$ 2,526.50	\$ 7,579.50
Bridge Washing		\$ 5,500.00	\$ 5,000.00	-	\$ 5,980.00		-	\$ 16,480.00	\$ 824.00	\$ 2,472.00
Line Painting		\$ 67,000.00	\$ 240,000.00	\$ 36,217.00	\$ 80,450.00		\$ 49,337.65	\$ 473,004.65	\$ 23,650.23	\$ 70,950.70
Road Signage Purchasing		\$ 25,000.00	\$ 34,000.00	\$ 12,250.00	\$ 21,060.00	\$ 132,504.00	\$ 5,549.63	\$ 230,363.63	\$ 11,518.18	\$ 34,554.54
Signage Retro-Reflectivity		-	-	\$ 3,750.00	-		-	\$ 3,750.00	\$ 187.50	\$ 562.50
Catch Basin Cleaning		\$ 15,000.00	\$ 21,000.00	-	\$ 3,580.00		-	\$ 39,580.00	\$ 1,979.00	\$ 5,937.00
Hydro-Vacuum Excavation		\$ 15,000.00	-	-	\$ 8,760.00		-	\$ 23,760.00	\$ 1,188.00	\$ 3,564.00
Grass Cutting		\$ 60,000.00	\$ 130,000.00	\$ 14,000.00	\$ 29,450.00	\$ 43,186.00	-	\$ 276,636.00	\$ 13,831.80	\$ 41,495.40
Tree Trimming		\$ 15,000.00	\$ 46,000.00	\$ 26,726.00	\$ 8,810.00	\$ 36,390.00	\$ 46,294.97	\$ 179,220.97	\$ 8,961.05	\$ 26,883.15
Weed Spraying		\$ 5,000.00	-	\$ 2,500.00	-		\$ 29,459.83	\$ 36,959.83	\$ 1,847.99	\$ 5,543.97
Street Lighting		\$ 45,500.00	\$ 19,000.00	\$ 3,800.00	\$ 890.00	\$ 9,739.00	\$ 8,431.79	\$ 87,360.79	\$ 4,368.04	\$ 13,104.12
Street Sweeping		\$ 24,000.00	-	\$ 4,300.00	\$ 3,520.00		\$ 6,973.23	\$ 38,793.23	\$ 1,939.66	\$ 5,818.98
Plumbing Services		\$ 70,000.00	-	\$ 4,479.00	-		\$ 9,977.43	\$ 84,456.43	\$ 4,222.82	\$ 12,668.46
Electrical Services		\$ 65,000.00	-	\$ 2,577.00	-		\$ 121,700.20	\$ 189,277.20	\$ 9,463.86	\$ 28,391.58
Garbage and Disposal Collection		\$ 315,000.00	\$ 286,000.00	\$ 175,270.00	\$ 297,680.00	\$ 171,009.00	\$ 121,500.09	\$ 1,366,459.09	\$ 68,322.95	\$ 204,968.86
Recyclables Collection		\$ 200,000.00	-	\$ 87,635.00	\$ 153,400.00	\$ 120,797.00	\$ 57,244.24	\$ 619,076.24	\$ 30,953.81	\$ 92,861.44
Total - LMP Total		\$ 1,457,000.00	\$ 1,541,000.00	\$ 946,382.00	\$ 1,738,860.00	\$ 878,062.00	\$ 816,851.16	\$ 7,378,155.16	\$ 368,907.76	\$ 1,106,723.27
5% Annual Direct Savings - LMP Total		\$ 72,850.00	\$ 77,050.00	\$ 47,319.10	\$ 86,943.00	\$ 43,903.10	\$ 40,842.56	\$ 368,907.76		
15% Annual Direct Savings - LMP Total		\$ 218,550.00	\$ 231,150.00	\$ 141,957.30	\$ 260,829.00	\$ 131,709.30	\$ 122,527.67	\$ 1,106,723.27		

Using the assumption that LMPs would generally expect to find, on average, 5%-15% savings on shared goods and services contract—with the acknowledgment that each contract may find more or less actual savings—LMPs achieve between \$369,000 and \$ 1,107,000 in annual direct savings through collaborative procurement.

Goals, Principles, and Considerations for Collaborative Procurement

Provided below is the vision for the future state of this initiative and a sample of draft principles that would be used to govern collaborative procurement as a shared service.



In its final state, the Elgin County collaborative procurement initiative will involve an Elgin County resource whose salary is supported by both the County and LMPs through part of the annual direct savings from the shared contracts for goods and services. This resource would (1) identify opportunities for collaborative purchasing, (2) work with LMPs to agree upon specifications for the bid, (2) submit the bid to tender, and (4) work with the LMPs to identify the successful proponent. Over time, bids on commonly purchased contracts would be refined as needed. Once the contract is purchased, the LMPs—and, where applicable, the County—would manage their own contracts with the shared proponent.

In the future state, the LMPs must agree to principles to govern the collaborative procurement initiative. The following are examples of principles that would be followed:

Principle	Rationale
LMPs will only share tenders for services if service levels can be agreed upon.	LMPs noted that they are not willing to lower their standards for services in order to accommodate the group.
LMPs would manage their own contracts, once secured.	LMPs noted that they want control over managing their own contracts. Once the contract is awarded, the County does not need to be involved in contract management.
LMPs would agree upon a bidding timeline that incorporates the budgeting needs of each LMP.	LMPs may have different budgeting cycles that would impact their ability to participate in collaborative purchasing. They must align on various contracts at the start of the budgeting year and on the timelines for purchasing.
LMPs should achieve annual direct savings through the collaborative procurement initiative even if some contracts cost more.	By committing to work together to achieve annual direct savings—even if some contracts are most costly—the LMPs must be willing to “win” in some areas and “lose” in other areas for the collective. Committing to work together will allow the LMPs to bid on larger contracts without the risk of an LMP backing out once the proposals are received.
Bids must include clauses that ensure that the actions of one municipality do not implicate the others	If an LMP and a vendor do not have a successful working relationship and decide to terminate the contract, this should not impact the other LMPs.

LMPs must agree to all principles before the County can hire an additional procurement specialist to support this initiative.

Implementation and Service Cost Recovery Options

In order to get to the final state of collaborative procurement as described on the previous slide, Elgin County and its LMP would take one of two approaches:

1

Project or Hourly-Based Fee

Elgin County’s collaborative procurement would begin initially with the new County procurement specialist provided as procurement support for LMPs on an hourly or project basis. When not supporting LMPs, this resource would be an additional County procurement resource. After Year 1, this resource would begin the responsibilities of the procurement specialist and transition away from providing administrative support to being a dedicated collaborative procurement specialist

Advantages	Disadvantages
By pairing the responsibility with County support functions, the County manages risk of low cost recovery initially.	The County may not have enough work to support an additional procurement specialist as the initiative ramps up.
The County would hire this resource in the near-term and would prove the concept to LMPs more quickly.	The specialist may get overburdened with project or hourly work and may not have time to work towards collaborative procurement activities and the final state activities.
This option provides immediate administrative support to LMPs at low risk to them while the collaborative procurement role is developed.	

2

Contribution Agreement

From the start of the initiative, LMPs would provide a yearly contribution agreement to fund the County procurement resource who would focus on the collaborative procurement activities proposed on the previous slide. In order for the LMPs to agree to the contribution agreement, having a list of contracts for goods and services agreed to at the outset—with the annual direct savings listed—may be necessary to justify to LMP Councils. The agreement must also protect the County from paying for the full salary of the resource if LMPs back out.

Advantages	Disadvantages
This approach would allow for significant consultation with LMPs before hiring the resource to ensure they have buy-in.	The consultation time to align on the contribution agreement would be lengthy.
The County would recover the costs of this resource from the start.	
Once the resource is hired, the benefits for LMPs would be immediate, as the resource would begin their term with a set of collaborative procurement contracts to pursue.	

Implementation Roadmap

Outlined below is a high-level implementation roadmap for options 1 and 2 to realize the benefits of this initiative.

Activities	Q1/Q2 Year 1	Q3/Q4 Year 1	Q1/Q2 Year 2	Q3/Q4 Year 2	Q1/Q2 Year 3	Q3/Q4 Year 3	Q1/Q2 Year 4
<i>Option 1: Project or Hourly-Based Fee</i>							
Hire Procurement Specialist at County							
Support LMPs on hourly or project basis							
Work with LMPs to identify shared contract opportunities							
Demonstrate savings							
Transition to contribution agreement							
<i>Option 2: Contribution Agreement</i>							
LMP consultation for shared contract opportunities ¹							
Negotiate contribution agreement							
Hire Procurement Specialist at County							



Development Services

Initiative Overview

Serving Elgin

✓

Strategic Alignment

Growing Elgin

✓

Investing in Elgin

Description

This initiative aims to create more effective development services across Elgin. The focus of this initiative is to, first, improve the Land Division Committee. Following these improvements, the County would explore offering Registered Professional Planning (RPP) support to participating LMPs. While this initiative will improve resident-facing services and improve the productivity of the Land Division Committee, it will not improve the County’s financial position. In addition, we recommend that the County creates a contribution agreement with participating LMPs for the RPP service. This will ensure that all costs are passed through to the LMPs for services used.

Recommendations

- 1
- Improve the processes, technology, training, staffing, and skills development of the Land Division Committee.
- 2
- Explore and co-create an RPP support model for interested LMPs that improves resident experience.
- 3
- Launch model and demonstrate its benefits to non-participating LMPs.
- 4
- Review need for other development services coordination in the County (building).

Financial Impact

Financial Impact	
Annual Productivity Gains	
Land Division Productivity Gains	\$34,000
Annual Direct Costs	
Software Subscriptions	\$10,000
Total Net Operating Impact (w/ productivity gains)	
\$24,000	
Shared Development Services (Later Years)	
• This service’s exact financial benefit will be dependent on the participating LMPs and their need.	

Phased Approach

To gain buy-in, we suggest a phased approach to this initiative. The focus would be improving the Land Division Committee, then exploring supporting LMPs with a Registered Planning Professional.



Phase One: Land Division Improvements

LMPs and staff have identified the following issues:

- The County staff supporting the Committee are not trained planners. This results in the Committee not being adequately resourced to ensure that is consistently follows County and Provincial guidelines.
- The process of submitting forms is manual (forms needs to be scanned and reprinted). This makes the process cumbersome and creates defects because of the inability to read all information.
- Committee Members lack training and background in land division guidelines. Currently, there is limited onboarding of new members.
- There is no skills matrix or suggested recruitment process for LMPs. While some communities have moved to open recruiting, there is no guidance from the County on the skillset of the members.



Phase Two: Planning Support as a Shared Service

Many LMPs lack in-house Registered Planning Professionals:

- Many of the LMPs depend on external RPP consultants to review planning applications on their behalf.
- The County of Frontenac provides RPP services to three of its four LMPs. This is a successful model that results in lower costs and more in-house control. Elgin would offer this service to participating LMPs.
- However, LMPs stressed that residents should be able to submit their applications at their LMP office. This is because of connectivity issues of many of the area's residents.
- LMPs have stressed that they would like to see progress in the Land Division Committee before this coordinated service is explored.

Land Division Improvements (1/2)

Outlined below are the recommended improvements to the Land Division Committee.

Area	Current Issue(s) and Opportunity
Communication	<ul style="list-style-type: none"> • Issue: Communications between County and LMP staff is an issue. In particular, conditions are added on severance applications during the public meeting without consultation with municipal staff/council to determine if such conditions are appropriate. • Opportunity: Communication protocols should be established between County and LMP staff with a focus on when to schedule a public meeting and on conditions on communicating potential conditions and receiving LMP feedback. This would include establishing a pre-consultation meeting between County and LMP staff. This may include having local staff attend public consultation meetings to ensure that they understand the context of an application.
General Process	<ul style="list-style-type: none"> • Issue: The process in which applications are accepted and placed on the agenda is unclear to some LMPs. As a result, applications can be rushed. • Opportunity: Create a clear process, timelines, and roles and responsibilities for the County and the LMPs. This should include timing for Appendix B forms and how fees are handled. Once these processes are created this should be clearly communicated to all LMPs.
Draft Survey	<ul style="list-style-type: none"> • Issue: Occasionally, there are discrepancies between submitted sketches at time of application submission and actual surveyed properties after conditional severance approval has been granted causes applicants to have to re-apply or apply for a modification which causes greater expense and time • Opportunity: Requiring draft surveys at the time of application submission only would eliminate this discrepancy.
Technology	<ul style="list-style-type: none"> • Issue: The current process is very manual. Forms are scanned and printed. This makes it easy to lose information or make it difficult to read the forms. • Opportunity: Create an online process that eliminates the need to scan and print documents. This will decrease errors in the applications and improve productivity.
Committee Staffing	<ul style="list-style-type: none"> • Issue: The Committee has been staffed with County employees that lack professional planning backgrounds. The way in which information was presented to the Committee was confusing for members and the Committee lacked professional support to ensure that decisions met guidelines and regulations. • Opportunity: Staff the Committee with trained planning professionals to support the professionalism of the committee. This includes improving Committee packages to make the decisions easier to understand.

These improvements must be made before more coordination in development services can be explored. This will help to build trust with the LMPs.

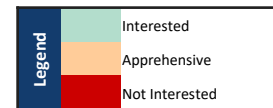
Land Division Improvements (2/2)

Outlined below are the recommended improvements to the Land Division Committee.

Area	Current Issue(s) and Opportunity
Training	<ul style="list-style-type: none"> • Issue: Committee members do not receive training. Some members lack previous experience in land division. As this is very regulated space, this leaves the committee exposed to regulatory infractions. • Opportunity: Create training materials for members and an onboarding process for new members. For the current committee, perform a training session to ensure understanding is at a needed level.
Skills Matrix and Board Appointments	<ul style="list-style-type: none"> • Issue: LMPs are responsible for appointing members. However, this is no suggested process and skills matrix to support LMPs in selecting needed capabilities to make the committee more effective. • Opportunity: Create a skills matrix to support LMPs selecting missing skillsets when vacancies occur and identify possible ways to open applications to the public. Central Elgin recently opened its appointment process and found it to be successful. These tools will be suggestions as appointments are at the discretion of the LMP.

These improvements must be made before more coordination in development services can be explored. This will help to build trust with the LMPs.

Planning Support Interest by Community



We have engaged each LMP. We have identified the most likely communities to first explore the County providing planning support on their behalf.

Community	Initiative Support	Current RPP Delivery Model	Comments on Initiative
Bayham	Interested	<ul style="list-style-type: none"> Relies on external RPP consultants 	<ul style="list-style-type: none"> Bayham is interested in exploring a model. However, Bayham would like to ensure residents can apply through their offices.
Dut. Dun.	Interested	<ul style="list-style-type: none"> Relies on external consultant 	<ul style="list-style-type: none"> While currently model, they see the benefit of the County offering this service to support a one-window approach to planning.
West Elgin	Interested	<ul style="list-style-type: none"> Share in-house RPP with Southwold 	<ul style="list-style-type: none"> This model is currently working. However, planning demand is expected to decrease in Southwold. This will make the joint agreement less financial sustainable for the communities.
Southwold	Interested	<ul style="list-style-type: none"> Share in-house RPP with West Elgin 	<ul style="list-style-type: none"> While currently model is working well for Southwold, they see the benefit of the County offering this service to support a one-window approach to planning. In addition, demand for applications is likely to decrease. In particular, this community is looking for support with complex planning matters such as subdivision agreements and proposals.
Malahide	Apprehensive	<ul style="list-style-type: none"> Relies on external RPP consultants 	<ul style="list-style-type: none"> While this community lacks in-house RPP support, they are hesitant of the County offering this service. This is due to the perception that the County planner will prioritize the needs of the County over the LMPs.
Aylmer	Not Interested	<ul style="list-style-type: none"> Relies on both in-house staff and external consultants 	<ul style="list-style-type: none"> Unlikely to join the initiative because of urban planning need.
Central Elgin	Not Interested	<ul style="list-style-type: none"> In a shared service agreement with the City of St. Thomas 	<ul style="list-style-type: none"> Unlikely to join the initiative because of strong support from the City.

The interest of this coordinated service varies by community. The County should explore this potential coordinated service with Bayham, Dutton Dunwich, Southwold, and West Elgin. A contribution agreement would be the best model to support this service because it is unlikely that all LMPs will participate in this service.

Planning Support Design Criteria

Outlined below are the recommended model to support LMP buy in.



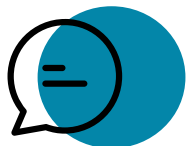
Customer Considerations: Allow for in-person applications to be accepted at the LMP offices. Many LMPs stated that their residents have limited interest access and would not want to travel to the County office. This would include County staff travelling to the LMP offices to have regular office hours.



Financial Considerations: Create a contribution agreement with participating LMPs that LMPs to pass costs to their residents. This will ensure that both the participating LMPs maintain their current pass through model. It will also prevent LMPs that aren't participating contribute to this service.



One-Window Approach: Many LMPs believe the benefit of this service will be a one-window approach because the County will be completing the work of the LMP and the County. The County must design processes that demonstrates this to achieve the intended benefit and maintain LMP support.



LMP Input: Some LMPs stated that they would need this service to be responsive to their needs. At the outset, clear processes and processing timelines should be established so that the LMPs and the County have a clear expectation of service. Participating LMPs should be asked for service feedback on annual basis to embed continuous improvement.

These improvements must be made before more coordination in development services can be explored. This will help to build trust with the LMPs.

Frontenac Model of Shared Planning Services

The County of Frontenac provides planning services to Frontenac Islands, North Frontenac, and Central Frontenac. Outlined below is the particulars of this shared service.

Shared Service

The County offers the following services to the participating municipalities:

- Official plan reviews;
- Zoning by-law reviews;
- Development/application review including official plan amendments, zoning by-law amendments, minor variances, consents, site plan, part lot control, general inquires, deeming by-law, subdivision agreements, and municipally specific policy creation.

Yearly contribution agreements are created based on projected usage by community. Payments are made on quarterly installments. County staff track their time and at year end, budgets are reconciled to actual municipal usage.

Township responsibilities include: the cost of hardware and software solutions to support their operations, provision of office/desk space for staff, health and safety training as it relates to Township operation, working with the County Director regarding efficient operations, providing/nominating staff to sit on committees related to the service, policy enforcement, and providing input regarding the performance of County staff.

Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1/Q2 Year 1	Q3/Q4 Year 1	Q1/Q2 Year 2	Q3/Q4 Year 2	Q1/Q2 Year 3	Q3/Q4 Year 4
Create improvements to Land Division Committee						
Canvass and consult with LMPs on RPP support and create contribution agreement						
Launch coordinated planning service and attract other LMPs						
Explore coordinating other LMP development services (building)						



Human Resources as a Shared Service

Initiative Overview

Serving Elgin

✓

Strategic Alignment

Growing Elgin

✓

Investing in Elgin

Description

The goal of this initiative is to meet the LMP’s need for human resource services support. As many of Elgin’s LMPs lack professional in-house human resource professionals, this leaves room for potential large labour risks. This initiative will formalize the County’s support for the LMPs. We suggest a phased approach. The first phase will be offer consulting services to LMPs on a cost recovery basis. After processes are established and the County has a clear sense of the LMPs’ human resources structures, the County, and interested LMPs can exploring a more formalized shared service in which the County would manage the LMPs’ specific human resource functions (policy, employee tracking, etc.) on a contribution agreement basis.

Recommendations

- 1
- Identify and promote consulting services to LMPs.
- 2
- Begin and manage consulting projects for LMPs.
- 3
- Begin exploring formalizing shared service with frequent LMP consulting clients.
- 4
- Attract more LMPs to formalized shared service.

Financial Impact

Consulting Services	
External Consulting Rate	\$125 - \$550
Shared HR Services ¹	
Annual Direct Savings	20%
Rationale <ul style="list-style-type: none">Consulting services would benefit the LMPs as the County’s fees would be much cheaper than external consultants.Shared HR Services benefit is difficult to project because it is unknow which LMPs would be willing to collaborate and the degree of this collaboration. However, a British back office public sector study into shared services found annual direct savings of approximately 20%.¹	

¹Back Office Efficiency: Shared Services Case Studies. Reilly, Peter. Institute for Employment Studies. 2010

Phased Approach

To gain buy-in, identify needed services and adequately resource the County's human resource department, through a phased approach. Outlined below is the different phases.



Phase One: Consulting

Advertise and operationalize consulting services to LMPs

- From staff interviews, frequent LMP requests for services include: senior management recruitment, policy creation, training, investigations, and accessibility work (not guidance but document creation). These are likely to be areas of focus.
- To keep this service open to all LMPs, we suggest that the County's service will answer human resource questions from all LMPs at no cost. However, when a request requires a County staff member to spend half a day (3.5 hours) or more to complete the work, the County will charge the LMP for this service.
- The fee will be based on the County's salary and the projected number of project hours. The County will charge the LMP at a cost-recovery rate. This will be more affordable than human resource consultants and provide the LMPs with a needed service.
- The County will track project requests for internal data gathering.



Phase Two: Formalized Shared Service

Formalize shared service with frequent LMP clients

- Once the consulting service has been established and gained trust with LMPs, the County should explore formalizing human resources services with frequent LMP clients.
- For those interested LMPs, the shared service would move to a contribution agreement in which County Human Resource staff would be responsible for administering HR services on the LMPs behalf (employee tracking, policy creation, etc.).
- Participating LMPs would migrate their employee information to the County's HR systems to support this agreement.
- This would allow for the LMPs to have consistent HR support and allow the County's HR service to increase its economies of scale, which will support increased specialization and productivity.
- Consulting services would remain open to those LMPs that do not want a formalized shared service. However, the County would promote the benefits of this formalized service.

While not explicitly explored in the initiative, a similar consulting model would be used for engineering services. The County has in-house engineers. Their expertise is a skill that some LMPs have outsourced to third-party consultants.

Benefit for LMPs

Following engagement with County staff, as well as LMPs, as well as research into comparable municipalities, we have identified the following benefits for participating LMPs who opt into the HR shared service.



Mitigate Risk of Noncompliance

The Accessibility Directorate of Ontario (ADO) helps to implement and enforce AODA standards, and the License Appeal Tribunal manages the appeal of compliance orders issued by the ADO under the AODA.

- The Accessibility for Ontarians with Disabilities Act (AODA) allows for severe monetary penalties for any violation to the Act, ranging from \$2,000 for a first-time minor offense, to up to \$15,000 per day based on major compliance history.
- Since 2015, there have been over 10 decisions issued by the Tribunal with respect to AODA non-compliance by a municipality in Ontario, with many court cases lasting over 5 years.
- If audited by the Ministry of Labour, Training, and Skills Development, LMPs without dedicated HR and Accessibility Compliance professionals are at risk of prosecution or conviction, and if appealed, can take years to settle in court.



Avoid Rising Penalties and Fines

Claims investigations are on the rise by the Ministry of Labour, and so are the penalties.

- Between 2014 and 2018, the Ministry of Labour increased their claims investigations related to the Employment Standards Act (ESA) by 28% and have convicted thousands of private and public sector organizations of non-compliance.
- Penalties for convictions under the ESA range from \$295 for a minor offense to jail time for a serious Part III prosecution, which includes failing to comply with an order.
- The Ministry will be facing pressures to conduct more proactive investigations as noncompliance is on the rise, and a shared HR service would ensure the ESA is effectively enforced in every municipality.



Access to Affordable Services

Referencing recent work with comparable municipalities, LMPs would be receiving a much more affordable service than paying an external consultant.¹

- For example, a common Job Evaluation and Pay Equity Review can cost over \$40,000 with tax for a small municipal corporation (less than 30 employees).
- An externally sourced full HR service can cost \$15,000 per year for a small municipal corporation (less than 30 employees), with additional fixed charges for certain services.
- Participating LMPs would benefit from significant annual direct savings using a cost recovery approach.

Benefit for the County

While the exact financial benefit is difficult to determine because projecting LMP demand is challenging. We have outlined the following benefits for the County.



Formalizing an Existing Service

The County provides consulting services in an ad-hoc fashion.

- Through staff interviews, we have identified that the County is providing consulting services in an ad-hoc fashion to LMPs.
- Past projects have included training projects, policy creation, and senior management recruitment.
- However, these services are not accounted for. By formalizing this service, the County will receive proper payment for their service.



Build Trust with LMPs

Numerous LMPs have identified this need.

- Elgin LMPs have identified this area as a concern for their internal operations.
- By offering this service in a more formalized and consistent manner, the County will build trust with the area's LMPs.
- This will support increased shared service agreements between the LMPs and the County.



Benefits of HR Shared Services

Other public sector have seen direct benefits of entering into Human Resource shared services.

- A study found that public sector organizations with shared human resources experienced the following benefits:
 - 91% experienced cost reductions;
 - 90% experienced process efficiencies; and
 - 86% experienced improved internal controls.¹

Implementation

Outlined below is a high-level implementation plan.

Activities	Q3/Q4 Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
Prepare and Promote Consulting Services to LMPs						
Launch HR Consulting Services and Gain Ongoing Feedback						
Explore Launching Engineering Consulting Services						
Explore Formalized Shared HR Services with Interested LMPs						



Collaborative Initiatives with Neighbouring Municipalities



Economic Development

Initiative Overview

Serving Elgin

Strategic Alignment
Growing Elgin
✓

Investing in Elgin

Description

The service does not align with Council’s strategic priorities. In addition, some LMPs have noted that this service is overly focused on tourism promotion, which does not serve their needs. The City of St. Thomas has a high functioning economic development corporation that promotes tourism and other industries with strong leadership and international reach through its participation in the Southwestern Ontario Marketing Alliance. It is recommended that the County explores expanding the City’s Corporation to include the County. This is aligned with rural economic development best practice, and they can use the Windsor Essex Development Corporation as a municipal example of a County-City economic development corporation.

Recommendations

- 1 Agree on funding model that maximizes the County’s and City’s municipal contributions and reduces duplications.
- 2 Create a governance structure that has a mix of County and City elected officials and business representatives.
- 3 Determine roles, responsibilities, and specializations for the County’s and City’s staff to improve productivity.
- 4 Create a corporation strategy with feedback from both the County and City Councils and business communities.

Financial Impact

Financial Summary	
Annual Direct Savings	\$145,000
Annual Productivity Gains	\$305,000
Total Net Operating Impact (w/ productivity gains)	\$450,000
One Time Costs	
Integration Costs	\$160,000
Total One Time Costs	\$160,000

Best Practice in Rural Economic Development

In Redden's study examining best practices in rural economic development, he identified four best practices that should be followed. We believe that expanding and formalizing partnerships with the City of St. Thomas will improve Elgin's economic development function.

Area	Best Practice	Elgin Ramifications
<i>Community Understanding</i>	Acquire a good understanding of the local community's market and assets: Before a community can say that it is "open for business" and heads out to market itself, it needs to understand its community needs.	<ul style="list-style-type: none"> Elgin's service has done good work to understand the local market and its unique needs.
<i>Dedicated Staff</i>	Invest in a full-time economic development officer (EDO), or equivalent: Building on current literature, Redden endorses the hiring of an economic development professional to commence (or continue) the research of the local market and assets, implement the economic development strategic plan, build local capacity, and track performance.	<ul style="list-style-type: none"> While Elgin's economic development service has dedicated staff, its ability to meet the diverse needs of the LMPs is challenged because the expertise of staff is primarily concentrated in tourism. If Elgin was to enter a formal partnership with St. Thomas, staff would be able to better specialize in certain economic development functions (i.e. – downtown revitalization, business attraction, and business retentions) and offer a larger variety of services.
<i>Work with the Community</i>	Respect local capacity by recognizing existing organizations in the community: Any municipality involved, or looking to invest, in local economic development must work to complement such existing organizations and fulfill the necessary gaps that cannot be satisfied already. A role for the rural municipality must respect and recognize the needs, desires and successes of existing organizations.	<ul style="list-style-type: none"> Elgin has strong connections with its local organizations, and these relationships should be maintained. However, because Elgin has been primarily focused on tourism efforts, which have been successful, it is perceived to have not adapted to new economic development trends and taken advantage of new opportunities to diversify economic development and attract more talent to the County.
<i>Partner with Neighbouring Municipalities</i>	Partner with neighbouring municipalities and participate in regional consortiums: The merits of participating in a regional strategy have been made clear. A number of respondents to the survey indicated that they partner with their upper-tier municipality to manage economic development on their behalf.	<ul style="list-style-type: none"> Elgin's working relationship with the LMPs vary but is generally positive for those who have strong tourism industries. However, the working relationship with St. Thomas' economic development would be improved and formalized. Improving and formalizing this relationship will be the focus of this initiative, as Elgin County Council is looking to cast a new vision for economic development in the County.

Economic Development Initiative

The City of St. Thomas and Elgin both have distinct economic development services. This initiative would look at exploring a shared service model between the City and the County and would use the Windsor Essex Development Corporation (WEDC) as a possible model for formalized cooperation. See additional information below on WEDC:

Topic	Windsor Essex Development Corporation
<i>Participating Communities</i>	Formalized partnership: This is a formalized shared service for the City of Windsor and all of the local municipalities of Essex County. From StrategyCorp's work with the Windsor Essex Development Corporation, by entering a formal partnership, there is no redundancy in services, and resources are better maximized.
<i>Board of Directors</i>	A mix of elected leaders and community business leaders: This ten-person board has a mix of elected officials (Warden of the County and the Mayor of Windsor), business leaders from both communities from a range of key industries, and not-for-profit leadership that focus on key economic development functions. This mirrors best practice of working with the community and being governed by key community leaders.
<i>Staff</i>	Nearly 20 staff with specialized positions with a relatively similar municipal contribution and operating budget: As outlined in the next slide, Elgin's and St. Thomas' contribution to its economic development services are over 90% of the contribution Essex and Windsor makes to its combined service. However, the Windsor Essex Development Corporation has 19 employees, compared to the ten employees working for St. Thomas' and Elgin's economic development services. This is likely to due to better synergies, reducing operating costs.
<i>Services</i>	A wide range of service: Windsor Essex Development Corporation provides business development services; business retention and expansion services; business attraction services; runs a Small Business Centre; provides marketing and communications support; and runs the Institute for Border Security and Logistics that advocates for favourable trade policy to support the area's business.

The Windsor Essex Development Corporation is a model that can be used by Elgin and St. Thomas to offer economic development as a shared service to improve outcomes.

Service Comparison

Outlined below is a high-level comparison between the three services.

Economic Services					
Criteria	Windsor Essex Corporation	Elgin County	City of St. Thomas	Combined (Elgin and St. Thomas)	Combined Service as a Percentage of WEC
Service Population	415,000	50,000	39,000	89,000	21%
Municipal Funding	\$2,167,932	\$1,304,942	\$667,288	\$1,972,230	91%
Other Revenue	\$1,066,341	\$225,570	\$372,856	\$598,426	56%
Operating Expenses	\$3,285,085	\$1,530,512	\$1,040,144	\$2,570,656	78%
Staff	19	4	5	9	47%

General Observations

- While St. Thomas' and Elgin's contribution to their economic development services are nearly comparable to the municipal contributions to the Windsor Essex Development Corporation, the Windsor Essex Development Corporation is more successful at receiving provincial and federal funding compared to Elgin and St. Thomas. This may be because of the organization's size and ability to apply for grants. It is also important to note that the population of Windsor-Essex is much larger than Elgin-St. Thomas.
- Furthermore, while Elgin and St. Thomas together spend 91% of what WEDC receives in municipal funding, the service population for Elgin and St. Thomas is only 21% of that of WEDC. As such, municipalities contributing to WEDC receive a better expense/capita ratio compared to Elgin LMPs and the City of St. Thomas. In other words, an economic development corporation in Elgin County may be able to reduce current costs and have more impact on the community.
- As a result, WEC is able to have a larger operating budget by approximately \$715,000. This allows this service to employ 19 staff members who are specialized compared to the currently combined staff of 10, who are less specialized.

Financial Benefit to the County

We estimate benefits of increased revenues, decreased operating expenses, and improved productivity because of a joint service not duplicating similar functions. While the exact financial benefits will be determined by the stipulations of the shared service, we have used conservative estimations of the benefit. As outlined below, we estimate annual direct savings and productivity gains of approximately \$450,000.

Dark Green Savings			
	2020 Budget	Future State	Rationale
Total Annual Revenue Gains	\$225,570	\$236,849	<ul style="list-style-type: none"> We have estimated that as a joint service, its revenues would increase by 5-10%. This is a modest estimate when examining Windsor Essex's ability to receive federal and provincial funding compared to the current state of Elgin's and St. Thomas' operations.
Total Annual Expenses	(\$1,530,512)	(\$1,396,486)	<ul style="list-style-type: none"> We have estimated that as a joint service, its expenses would decrease by 5-10%, and half of these savings would be for the County. This is a modest estimate when considering the redundancy of operations (supplies, marketing costs, staff time, etc.)
Net Income	(\$1,304,942)	(\$1,159,638)	<ul style="list-style-type: none"> These modest estimates would have direct savings of approximately \$145,000.

Light Green Savings		
	Productivity Gains	Rationale
Improved Annual Productivity Gains	\$306,000	<ul style="list-style-type: none"> We have estimated that this would improve staff productivity by 20%. We assume that 10% productivity gain would occur due to the reduction of duplicated effort between St. Thomas and Elgin. In addition, we assume a 10% improvement in productivity as Elgin's current initiatives are not aligned with Council direction, therefore generally unproductive.

One Time Costs

To support this initiative, there are one-time costs. We have outlined them below.

One Time Integration Costs		
	Costs	Rationale
Integration Costs	\$160,000	<ul style="list-style-type: none"> We have estimated in \$200,000 in integration costs. This would be for consulting services, IT services and rebranding and marketing costs. We have assumed these costs would be shared evenly between the City and the County. We have also included an additional \$50,000 - \$75,000 in implementation costs for the County to account for staff time, management, and other implementation costs overtime.
Total One Time Costs	\$160,000	

It would take 13 months for this initiative to pay for itself in direct annaul savings.

Implementation Roadmap

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1/Q2 Year 1	Q3/Q4 Year 1	Q1/Q2 Year 2	Q3/Q4 Year 2	Q1/Q2 Year 3	Q3/Q4 Year 3
Political Alignment Between Councils and Senior Staff						
Governance and Funding Agreement Planning						
Integration Planning and Launch						
Implement Change Management and Socializing Strategy						



Library Services

Initiative Overview

Serving Elgin

Strategic Alignment

Growing Elgin

Investing in Elgin

Description

Elgin County already has strong, collaborative working relationship with the City of St. Thomas’s library service. In the near term, there are annual direct savings for the two services to formalize procurement of both hardcopy and e-resources. As both communities’ populations grow, there may be opportunities to collaborate in the development and operations of new library facilities in St. Thomas’ westside and the Talbotville area. In addition, as the role of the library changes in both communities, there may be opportunities for the services to collaborate on the administration of social services and innovative programming, such as a mobile library service.

Recommendations

- 1
- Formalize procurement of hardcopy and e-resources.
- 2
- Explore partnerships for new facilities in high growth areas.
- 3
- Explore partnerships for innovative service models.

Financial Summary	
Annual Direct Savings	
Resource Spend Decrease (Elgin Specific Benefits)	\$15,000 - \$45,000
Other Benefits	
<ul style="list-style-type: none">Potential future capital and operating savings in joint development and operations of a new branch. These savings would be one-time savings \$600,000 – \$800,000 and annual savings of \$150,000.Improved service levels through collaborative innovative programming.	

Service Comparison and Current Collaboration Efforts

Outlined below is a high-level comparison between the two services. There is strong collaboration existing between these two services.

Library Service Comparison		
	Elgin County	City of St. Thomas
Governance Structure	No Library Board	Library Board
Operating Expenses	\$3,046,112	\$2,485,701
Number of Branches	10	1
Service Information	11,173 Card Holders/224,189 Annual Visits	14,124 Card Holders/175,450 Annual Visits
Staff	13 FTE, 23 PTE	8
Municipal Partners	7 Communities	N/A

History of Collaboration between the Two Services

While these two services were once jointly delivered in the 1980s, the two services still have a strong collaborative relationship to reduce costs and/or improve service levels. Examples of current collaborative efforts include:

- **Reciprocal borrowing agreement:** The County and City services have a reciprocal borrowing agreement with the City of London's service in which a cardholder from any of these services can borrow materials from all three services. This agreement has been in place since 1987.
- **Collaborative purchasing on software:** The two service coordinate purchases and consult with each other when planning for software upgrades to their services.
- **Collaborative programming:** Each service's programming planning group consults with the neighbouring services to learn best practices and coordinate programming to reduce costs and/or improve service levels.
- **Collaborative e-resource programming:** E-resources are a large cost for library services. When one service is looking to acquire a new e-resource subscription, it ensures that the services in the reciprocal borrowing agreement do not have a license for that service. This reduces unneeded redundancy in their collection.

Improving Resource Purchasing

One area of collaboration that could be improved is group purchasing for both physical and e-resources. Using the Collaborative Futures as an example of what is possible, the County would work with City and other partners to create a similar purchasing collaborative. This initiative would look to augment the service available through Southern Ontario Library Services by directly pooling the purchasing of the County's and the City's purchasing.

Collaborative Futures – Collaborative Procurement in Ontario Universities

Examples of this type of purchasing collaboratives exists in Ontario's post-secondary sector.

13 other Ontario university libraries to implement a shared library services platform (LSP) as part of a project called Collaborative Futures. This includes universities such as the University of Windsor, Western University and the University of Waterloo. In 2017, they launched their procurement initiative that included:

- Establishing a governance structure and populated the steering committee and working groups;
- Collaborated with the University of Ottawa to conduct procurement on the members' behalf;
- Further developed and finalized a memorandum of understanding among participating libraries;
- Established an expert advisory network of OCUL members to provide information and guidance during the procurement and implementation phases; and
- Selected and procured a shared library services platform through the Council of Ontario Universities.

Implementation Considerations

Using Collaborative Futures as a model, we suggest the following:

- Create a working group between the County and City's services and other participating services;
- Draft a memorandum of understanding to clarify roles and responsibilities;
- Determine one purchasing service for the collective and draft a collective RFP to canvass the market; and
- Identify future opportunities for joint purchasing (i.e. increased technology standardization).

Resource Spend by Service		
Criteria	Elgin County	City of St. Thomas
Current Resource Spend	\$298,332	\$292,596
Annual Direct Savings (5-15%)	\$15,000 – \$45,000	\$15,000 – \$44,000

Joint Planning for a Future Library Location

Elgin County, including the City of St Thomas, is experiencing strong population growth. There are opportunities to jointly plan for future library locations in a coordinated approach to reduce future capital and operating expenses.

Community Growth



According to the City's Position for Growth study, the City's population will increase by almost 12,000 people since 2016. This represents a 30% increase in the City's population. These new residents will likely live in the City's new suburban area in the City's west side, neighbouring Southwold. As library increasingly become community hubs and the City only has one library location. There may be a need to build and operate a new facility to service these new residents.



Elgin County is experiencing growth too. According to the County's Economic Development service, provincial projections estimate a 9.5% increase in population growth in the coming years. While the municipality of Southwold has a library location in Shedden, Tallbotville, which is close to St. Thomas and has numerous housing developments underway, will become increasingly underserved.

Financial Summary

Financial Summary	
Capital Costs	
Library Build	\$1,240,000 - \$1,740,000
Annual Operating Costs	
Annual Operating Costs	\$305,000
Savings	
One Time Savings	\$620,000 - \$870,000
Annual Direct Savings Savings	\$152,000

Implementation Considerations

If both the County and City determine that this area is underserved and a new library is needed, the municipalities would:

- Draft a memorandum of understanding to clarify roles and responsibilities and funding contributions for operating and capital needs;
- Determine one lead service manager/provider to manage the capital project and the operations of the new facility;
- Create clear accountability functions so that both services can have input in the administration of services at this facility.

Other Areas of Collaboration

Other potential areas of collaboration are outlined below.



Social Services

Following the County and City's Community Safety and Well-Being Plan, there may be opportunities for the two library services to collaborate on social service administration.

- Elgin is currently undertaking a Community Safety and Well-Being Plan with the City of St. Thomas and Alymer. This plan is identifying priority risk factors as well as threats to safety and well-being and will outline strategies and actions to improve safety and well-being for the two communities.
- The library services are likely to be included in the strategies and actions to improve safety.
- Once this report is developed, the two services could collaborate on its recommendations.



Innovative Programming

As library service transform due to changing customer need and disruptive technologies, there may be more opportunities to collaborate.

- Ottawa Public Library provides a Bookmobile service. This service is comprised of two vehicles, each with its own unique collection, that travels the Ottawa area as a “pop-up” library service.
- While the County delivers resources between its locations, no “pop-up” service currently exists.
- The services would collaborate on innovate delivery models to ensure strong service levels.

As the role of the library changes in both communities, there will be new and novel ways to collaborate to provide high service levels.

Service Comparison

Outlined below is a high-level implementation roadmap to realize the benefits of this initiative.

Activities	Q1/Q2 Year 1	Q3/Q4 Year 2	Year 2+			
Create formalized procurement structure	Formalized Procurement					
Identify future collaboration areas as opportunities arise			Discuss potential partnership when opportunities arise			



Appendix B: Cost Benefit Assumptions

Homes Long Term Strategy

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
CEO Salary	<ul style="list-style-type: none"> From industry research, long-term care CEO compensations for facilities with less than \$50M in revenues was on average \$260,000.
Board Costs	<ul style="list-style-type: none"> We have estimated a Board of nine professionals, that meet quarterly. Each board member is paid \$2,500 per meeting. In Board Effect's 2017 article, <i>Board of Director Compensation: What to Pay, or Not to Pay</i>, \$2,500 was suggested as an average per diem. We have estimated that the Municipal Service Board will have nine members and meet quarterly.
CEO Recruitment	<ul style="list-style-type: none"> We have estimated a recruiter is paid 20% of the CEO's salary for their recruitment fee. This is based on industry research.
Board Recruitment	<ul style="list-style-type: none"> We have estimated that the same recruiter is used for Board recruitment and charges the same fee as the CEO.
Legal Fees	<ul style="list-style-type: none"> While the County has internal legal counsel, we have estimated external fees of \$10,000.
Current State Homes Subsidy	<ul style="list-style-type: none"> We have estimated that if no intervention is made, the County's home subsidy will increase yearly by 2.1%. This was calculated using historic data.
Cost Reductions by Year	<ul style="list-style-type: none"> Yearly cost reductions change by type of initiative undertaken (incremental or redesign). Used Harvard Business Review study to project annual savings.

Homes Short Term Improvements

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
Recruitment Overtime Reductions	<ul style="list-style-type: none"> We have estimated that there would be a 15% reduction in overtime for PSW and RPN staff overtime if recruitment processes were improved through technology. Through discussions with staff PSW and RPN have the higher vacancy needs and slow processes makes the County uncompetitive.
Recruitment Technology Costs	<ul style="list-style-type: none"> Through online research, there are many different payment models for recruitment software (pay-per-recruiting manager, pay-per-hire, and pay-per-employee). We used the most expensive model (pay per manager) and estimated 20 managers would be given access at \$1,000 per year.
Scheduling Process Costs	<ul style="list-style-type: none"> Elgin County currently employs six scheduling clerks at the three homes. Using salary data and the assumption that clerks spend 90% of the time on scheduling processes (provided by the Director of Homes and Senior Services), the County currently spends over \$300,000/year on manual scheduling processes. On weekends when clerks are not present at the homes, nurses are required to manage the call-out procedures to fill staffing gaps. One nurse spends on average 1.5 hours per shift conducting call-outs, and there are six shifts across the three homes over 52 weekends in one year. Using average hourly rates for nurses in the homes, this equates to approximately \$50,000 in nurse scheduling costs.
Scheduling Time Reductions	<ul style="list-style-type: none"> We have estimated that if Elgin implements a digital tool for scheduling, clerk time spent on scheduling will drop from 90% of time to 30% of time, and we estimated that nurses will spend 15 minutes per shift managing scheduling issues, down from 1.5 hours per shift.
Scheduling Technology Costs	<ul style="list-style-type: none"> Based on research on public sector scheduling tools, we estimate that Elgin would likely pay a maximum of \$18,000 per year on a digital scheduling subscription.

Organizational Redesign

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
Director Salary Assumptions	<ul style="list-style-type: none">We assume that a Director of Corporate Services, Planning, and IT would be \$145,000, \$160,000, and \$120,000 respectively.
CAO Time	<ul style="list-style-type: none">Based on interviews, the CAO currently spends .5, 5, and 7 hours per week on the EMS contract, economic development oversight, and planning oversight per week.

Improvements to Manual Processes

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
Time spent on existing processes	<ul style="list-style-type: none">12 staff responded to our time survey, and the total hours spent per month of processes that would be improved is 669. This equals approximately \$26,815/month, or \$321,778/year using the median wage rate of the County.
Time savings	<ul style="list-style-type: none">Comparable municipalities have had similar experiences with manual processes in records management and estimated that automation can reduce the time spent per function by a minimum of 75% using an Electronic Records Management System (ERMS). We use the 75% assumption for Elgin.

Information Technology

Outlined below are the assumptions used to complete this initiative’s cost benefit analysis.

Assumption	Assumption Rationale
Digital savings	<ul style="list-style-type: none">• StrategyCorp assumes that Elgin County would achieve .5% in savings from digital transformation initiatives, but the true level of savings will be depending on the digital transformation initiatives it prioritizes. This estimate does not include the productivity, or “light green dollars,” saved.• Because the Director of IT’s salary is counted in the organizational design initiatives, we provide gross savings here instead of net savings.

Collaborative Procurement

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
Contract potential	<ul style="list-style-type: none">For the purposes of identifying the scale of the savings in collaborative procurement, StrategyCorp surveyed LMPs on their annual spend on a number of contracted services that they all participate in.
Savings potential	<ul style="list-style-type: none">Other jurisdictions who have implemented collaborative procurement have found 5-15% in cost savings.StrategyCorp acknowledges that not all contracts may achieve cost savings, and the nuances of each contract should be better understood to project the actual savings. The purpose of this exercise is to demonstrate the potential scale of the opportunity.

Cost Benefit Assumptions

Development Services

Outlined below are the assumptions used to complete this initiative’s cost benefit analysis.

Assumption	Assumption Rationale
Productivity Gains	<ul style="list-style-type: none">• We have estimated that this would improve staff productivity by 20%.• This is due to the process, technology, training and governance improvements to this service.
Technology	<ul style="list-style-type: none">• We approximated an annual software fee of \$10,000 to improve the Land Division Committee Service.

Human Resources as a Shared Service

Outlined below are the assumptions used to complete this initiative’s cost benefit analysis.

Assumption	Assumption Rationale
Savings potential	<ul style="list-style-type: none">• An example from the UK found that shared back office functions found 20% savings for participants.

Economic Development

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
Revenue Growth	<ul style="list-style-type: none">Using the Windsor Essex Development Corporation as a benchmark, we have estimated that if the County of Elgin entered into a formal partnership with the City of St. Thomas' Economic Development Corporation it would be better positioned to receive more federal and provincial grants because of the larger population size and increased internal capacity to pursue grants. We estimated revenue growth would be 10% for both parties and 5% for the County. We believe this to be a modest estimate.
Expenditure Decrease	<ul style="list-style-type: none">Using the Windsor Essex Development Corporation as a benchmark, we have estimated that if the County of Elgin entered into a formal partnership with the City of St. Thomas' Economic Development Corporation, the combined organization would be able to decrease expenditure by 10%. We estimated revenue growth would be 10% for both parties and 5% for the County.
Productivity Gains	<ul style="list-style-type: none">We have estimated that this would improve staff productivity by 20%.We assume that 10% productivity gain would occur due to the reduction of duplicated effort between St. Thomas and Elgin.In addition, we assume a 10% improvement in productivity as Elgin's current initiatives are not aligned with Council direction, therefore generally unproductive.

Library Services

Outlined below are the assumptions used to complete this initiative's cost benefit analysis.

Assumption	Assumption Rationale
Collaborative Resource Spend Savings	<ul style="list-style-type: none">Using the collaborative purchasing savings realized for Peterborough County and N6 Communities (outlined in Collaborative Procurement initiative), a 5% to 15% savings metric was used.
Cost of a New Library and Operations	<ul style="list-style-type: none">To calculate the cost of a new library, North Perth's figures for library development were used. The capital costs would be dependent on the size and scope of the facility.To calculate operating costs of a new branch, the current library expenditure was divided by the number of existing branches.



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