

The Bottom-Up Operational and Efficiency Review –
A Positive Alternative to Core Service Reviews in Local Government

The Regional District of Nanaimo Case

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Prologue – November, 2015

Following the presentation of the report that follows to the Board of Examiners in November 2014, the Board requested that I expand on some aspects of the discussion regarding how the relationships amongst the participants in the Project (Management, CUPE Staff, Elected Officials) were established and maintained through the process. The brief discussion included below attempts to provide some additional information in this regard and may aid others that may have an interest in attempting a similar process in another jurisdiction.

In addition, the final report on the Operational and Efficiency Review was recently presented to the RDN Board and publicly released including its wide range of recommendations. A Copy of that Final Report is now also included as an attachment to the Report for the information of any reader (Attachment 5). The Final Report includes approximately 100 recommendations that have been highlighted for the RDN Board as potentially significant in impact, that require some act or decision on the part of the Board and/or are aimed at addressing service level gaps identified through the review that require additional resources. The Board accepted the Final Report unanimously and referred the priority recommendations to their strategic planning process where they will be prioritized. The Final Report was also strongly endorsed by the CUPE Executive.

It is worth noting that the 100 priority recommendations are part of a broader set of recommendations developed during the review. The bulk of the rest of the recommendations are operational improvements that departments have implemented and will continue to undertake over time.

In presenting this project to the Board of Examiners I have been quite open and candid regarding the process; from the political interest and impetus to undertake a “core services review” at the RDN through the process of developing an approach that made sense in the face of what has been seen in the results of the typical approach and recommendations in other jurisdictions. I was also equally candid with Management, Staff and the Elected Officials through the process of developing and implementing the Review. This approach was central to building acceptance of the process and in the end, support for the outcomes described in the Final Report.

Management

With Management the discussion was really around finding a process that engaged the organization and gave the Senior Management Team the role and authority to undertake the review of their respective service areas in an entrepreneurial way. That is, the process developed a general framework that each Department was given the freedom to adjust as was appropriate for their particular Departmental structure, make-up, and type of service (Internal v. external, for example).

As the Chief Administrative Officer in this organization there was not an insignificant amount of risk involved here in turning over a significant amount of control of the department- by-department review to the individual Managers. I trusted them to undertake the work for their departments in the most appropriate, responsible and effective way; and they knew explicitly that I was placing that faith and expectation in them and their teams. They did not disappoint. There is that adage, “nothing ventured, nothing gained”. A lot was ventured in this approach, and for the organization a great deal was gained.

Staff

From the Staff perspective the process was structured around hearing (and listening to) the views of staff regarding the performance of the organization at all levels. Fundamentally, the review was in part based on the interviews of every staff member undertaken by the departmental review teams. While there was some trepidation on the part of staff in some service areas regarding the interview process at the outset, very quickly staff came to understand that the process was completely open to their input and was a 'safe' place to share their concerns and ideas for improvement of the organization and their own ability to provide the service they were responsible for to the community. The flexibility of the departmental reviews also contributed to "Staff buy-in" as the review teams (which included staff as well as management members) had the opportunity to develop the departmental review process that best fit the "culture" of the specific department.

Certainly part of Staff's acceptance was the fact that the CAO had worked with the CUPE executive in the development of the process and that CUPE had endorsed the approach. More significantly though, I believe, was the "word of mouth" comments that circulated throughout the organization as the process unfurled - that the organization was indeed interested and listening to their input. Part is also attributable to the fact that as obvious improvements were identified during the process they were immediately implemented where possible and appropriate – positive changes were made, and were seen to being made, without delay.

CUPE

The CUPE executive played an important role in both the development of the approach and the implementation of the review. There is no question that there was a strong motivation to do anything other than the traditional core services review approach. The traditional "top-down" approach has been seen as very disruptive to the organization, and was a strong motivating factor in making this "bottom-up" process successful as an approach. CUPE has expressed strong concerns with the traditional approach to Core Service Reviews and the outcomes in other jurisdictions.

In addition, CUPE was engaged as a collaborator within the process itself, directly participating in the interview process. While not having a controlling influence, the participating executive saw the transparency of the discussions. So, in addition to having a clear understanding of the process to be undertaken, CUPE participated directly in the collection of data used to develop the recommendations of the Final Report.

Elected Officials

Similar to the involvement of CUPE Executive the Elected Officials played a role both in developing the approach and in their direct participation as a "stakeholder" and contributor. The Directors of the RDN had very much a controlling role in the development of the process. The Board of the RDN did take a visionary approach in their acceptance of the initial discussion of an alternate approach to "Core Service Review" and perhaps more significantly the consideration and adoption of such a process. The "easy" route would have been to direct the engagement of a consulting firm to undertake the external review and wait for the recommendations – as many other jurisdictions have. It is hard to explain why and how the Board was able to "jump the shark" and consider a different approach, but there are a few things I would point to.

The costs and ‘implementability’ of the traditional core review results played a role here. In reviewing the outcomes from a variety of other jurisdictions, and from a number of perspectives (including the internal implications, the community acceptance...etc.), the Board saw the significant potential for the traditional process to not meet their expectations and needs. Thus the opportunity for a different approach was both created and supportable.

One of the significant concerns raised by some Board members regarding the “bottom-up” approach was the potential for bias and manipulation at the management and staff level. This was discussed at some length quite openly and candidly by the CAO. I took on the role and responsibility to ensure the process would not be unduly influenced by introducing a number of external checks and balances. Those aspects of the review are discussed in the report that follows, but it is important to note their significance in this regard. The review included a community wide (and statistically significant at the individual community level) survey of community opinion on RDN services; the review process included the interview of external stakeholder groups (community organizations, development organizations...etc.) to gain additional external opinion and data; and finally the review engaged subject matter experts at the departmental level to review recommendations in relation to best practices. I believe the Board “buy-in” was in no small extent due to these aspects of the process.

Finally the depth of the review was significant. It was described that “no stone would be left unturned” with the review process that was established. That was certainly the case both internally and externally through the community survey and input from community stakeholders. By making the depth and breadth of the review clear to the Board at the outset Directors were assured that the results would give them the desired understanding of how and where the organization can be improved with the desired efficiency and effectiveness gains achieved. In addition, the Board had the assurance that recommendations arising from the review would have a basis on the views expressed by the community and other external stakeholders. It would be expected then that recommendations would be ‘implementable’. It is worth noting that the level of review undertaken was a significant amount of work for the organization without any additional resources. As a result, the review took longer than expected and tasked the senior management group with work that was over and above expectations. The result could not have been achieved without both their dedication to the process and the Board’s support.

The “Big Idea”.

The last piece I would like to share in this retrospective look at this process is the significance of the “Big Idea”.

As an architecture student we often discussed in the design studio the importance of a singular big design idea that manifested itself throughout a building. This can be something as simple and obvious as the use of natural light in a building through to much more esoteric and theoretical concepts about space, progression and spectacle. Most truly successful and memorable designs have at their core a “Big Idea”. I do attribute the success of the Operational and Efficiency Review at the RDN to its focus on its own “Big Idea”. The idea that there was a better way to approach the evaluation of efficiency and effectiveness in an organization resonated with the organization at all levels - that the process itself could be the agent of positive change and improvement beyond what specific recommendations and changes might result through the process.

It was a simple idea, and one that everyone involved could easily, albeit perhaps in their own unique way, buy into. Management and Staff saw the process as a positive alternative to disruption and

negativity, CUPE in general perhaps saw the process similarly as avoiding the “slash and burn” approaches they have experienced in other jurisdictions, and the elected officials perhaps saw it as an appropriate and viable route to achieve their goals of cost reduction, efficiency and effectiveness of service delivery.

All of the direct participants, whether that was the CAO, Management, Staff, CUPE or the Elected Official had to take some risk in implementing that “Big Idea”. As a result everyone had “skin in the game” and had motivation for the success of the undertaking.

One of the members of the Senior Management Team said it best in a comment he sent me on an early draft of the Final Report; a comment that I repeated often in presenting the Report and Recommendations: “...the process we undertook has fundamentally changed the way we are doing business, both internally in opening up lines of communication and contact within and between departments; and in how we critically review how we provide services to the community.” For me that one statement manifests the “Big Idea” of this process and best describes the success of the Review.

The report and attachments will outline the Operational and Efficiency Review project undertaken by the Regional District of Nanaimo (RDN) as proposed, developed and managed by the Chief Administrative officer Paul Thorkelsson. This paper overviews the development of a unique approach to 'core service reviews' in local government and details the approach developed and undertaken at the RDN.

This is an approach that recognized organizational, political and financial challenges inherent in the review process as typically undertaken; that built on the bottom-up review work that has been successfully undertaken in other jurisdictions; and that provided a framework for the review, and a process, that fully engaged the organization (including CUPE members, management and elected officials), the community and other stakeholders in an examination of the efficiency and effectiveness of each department of the RDN and their respective service areas.

This is an innovative approach to "core review" in local government services which will enable the RDN to meet future challenges in an equally innovative, effective and efficient fashion. In addition, the process undertaken by the RDN, and lessons learned, may well serve as a model for other jurisdictions considering similar operational reviews in the future.

BACKGROUND

Following the British Columbia local government elections in 2011, the call for a "core services review" became a common and fashionable clarion in many municipalities and regional districts in the province. A quickly growing number of British Columbia local governments paid significant sums to external consultants to conduct "core services reviews" of the programs and services they deliver.

Frequently these approaches resulted in reports recommending reductions in services, disposal of facilities and lands, reductions in management and union jobs and in some cases outsourcing of municipal services.

Evident in a review of completed core service reviews was the significant cost of those projects and the concerns raised by both elected officials and the general public in the various communities of the benefits arising from the review versus those costs. External core reviews have proven to be generally high in cost with a wide variation of success in terms of implementable recommendations arising from the reviews. Indeed, from a review of completed core review reports and projects from a wide range of organizations it is not conclusive that the processes are truly effective in achieving the claims and their original intents.

Other jurisdictions have noted that the gaps in knowledge and understanding by external consultants in local government operation and community priorities have also dampened the effectiveness of the traditional top-down approaches. In a number of jurisdictions these concerns have resulted in the organizations abandoning their traditional external consultant based "core review" for well-developed bottom-up service reviews.

One of the most troubling aspects of the core service review as typically undertaken is the exceedingly negative impact the review process can have on the organization. In many ways the typical core review pits department against department, service against service, management against unionized staff and not irregularly elected officials against administration. In my view there has to be a better way to undertake the evaluation of a local government organization – the search of efficiency and effectiveness

– that does not carry with it such a negative shadow over the organization. In fact, I feel strongly that there is the opportunity for the review process itself (regardless of its outcomes) to have a positive effect on the organization. This is the task I set for myself as the CAO for the RDN when presented with this opportunity.

It is in this context that as a new CAO, though not new to the organization, I was presented with a motion from the Board to undertake a “Core Services Review” for the Regional District of Nanaimo in the Spring of 2013.

THE ISSUES

The term “core service” has come to be commonly understood to describe and include that group of local government services that are deemed essential to local communities. The term has also come to be used by those with particular interest in placing limits on the scope of services provided by local governments to their communities. Generally the focus of such reviews has been on reducing the costs of local government.

In providing support of the RDN Board wishing to consider a core services review, I as CAO, needed to provide the Board with the full context, implications and options for the process in order that the best decision for this organization be made.

Members of the RDN Board had wide ranging reasons for supporting undertaking a services review at the RDN. While there were no ‘crisis’ issues at hand, some Directors felt that it was simply “time to do a review” since one had not been done for many years. These views were generally held by elected officials with long histories at the RDN that had experienced the last review in the late 1980’s, undertaken to address significant governance and operational issues. Other Directors focused on the typical ‘fiscal responsibility’ aspect of a service review and the tax/cost containment opportunity of reducing services to core responsibilities only. Yet others saw the process as achieving goals of efficiency and effectiveness of services in alignment with the Board’s established Strategic Plan.

It became clear, very quickly, to both the elected officials and the CAO that the “why” of a services review was not well understood by the Board, and that a clear statement of intent for the review was necessary. Initially then, the discussion needed to focus on the “why”, and evaluate all of the issues of core review before developing a terms of reference for a review at the RDN.

It was also clear, due to the wide range of views held by Directors, that there would be a benefit in undertaking the initial work in determining an approach with a smaller group than the full Board. With this in mind I requested that the Board refer the core review matter to the Executive Committee of the Board to work with the CAO on an approach. In a series of seminar styled discussions, I outlined for the executive committee the pros, cons, issues, concerns, benefits and options to the core review. The topics and issues covered in these discussions included:

- Discussion regarding what core reviews is, examination of completed reviews and outcomes from other jurisdictions, what the reviews do/do not do and what they are able to achieve.
 - The presentations from the CAO outlined the results from a number of jurisdictions in British Columbia and the general and typical recommendations that have resulted from the externally driven core service reviews. Included in this discussion was a

significant amount of information gleaned from local media sources in the respective jurisdictions that provided the RDN elected officials with important insight in to the community reaction to the results of core reviews. In addition, examples of bottom-up reviews were presented and similarly the recommendations and outcomes of those processes. Through this discussion the CAO was able to introduce two aspects to the consideration of a review by the Board; firstly, that the typical core services review was not the only viable approach; and secondly that the typical core review may not be the best approach for this organization.

- Given particular context of Regional Districts the term “core review” has a particular quality of inapplicability and inappropriateness.
 - The structure of regional districts is fundamentally based on the provision of only those services that have been demanded and agreed to by the community that is receiving and paying for them. In this context, the discussion of what is (or is not) a core service loses its legitimacy and importance. Services are entered into in the regional district context through specific establishment by Bylaw and as such are not discretionary. The discussion lead to the conclusion that for the regional district the concept of core or not core was inappropriate and what was more significant was ensuring the established services are being provided as efficiently and effectively as possible.
- The call for a “core services review” throws a shadow or ‘chill’ over an organization like nothing else.
 - The call for a core review (as unspecified and undeveloped as it was) from the RDN Board had an immediately negative impact on the organization. Without realizing the impact of what was an “out of the blue” motion the Board had inadvertently, and unintentionally, impacted morale in the organization. For many members of the Board this was a significant concern and increased the interest in considering an alternative approach that could engage the entire organization rather than potentially dividing it.
- Forthright discussion in gaining complete understanding of what elected officials see as the purpose of the review.
 - It was important to be clear with the members of the Executive Committee about the intent of the review. If the intent is largely to result in cost/tax reductions through “rationalization” then the typical external review process was perhaps the best route for the Board to take. If the Board had interests in the operation of the organization beyond (or more appropriately, perhaps, in addition to) the cost containment focus then alternate processes may be more appropriate and more likely to provide implementable outcomes for consideration. This discussion was particularly important in informing the expectations of the review.
- Implications for the review with respect to the Board’s Strategic Plan and the linkages the review needs to have to priorities that the Strategic Plan establishes for the organization.

-The Board has in place a well-developed and considered Strategic Plan for their term. In considering all decision-making the Board appreciates an understanding of how the decision relates to progress towards the established priorities of the Plan. This is no less the case for considering a review of the organization. This discussion was central in ensuring that the proposed organizational review is well aligned with the Board's established Strategic Plan and that the review focused on areas that would result in progress towards the established goals.

- Costs of the external “top-down” core services review are significant and need to be part of the discussion in terms of fiscal planning of the organization.
 - The CAO provided a wide range of financial information on completed reviews (top-down and bottom-up) from other jurisdictions. The discussion brought significant clarity to the understanding of elected officials regarding the financial implications of undertaking a core review and was a significant factor in the consideration of an alternative approach
- Importance of Community perspective and priorities is typically excluded from the process of core reviews, only coming into play once recommendations are revealed.
 - The CAO presented two key aspects in the discussion; those individuals with the best knowledge of front-line operations and potential efficiencies are the staff undertaking that work; and those individuals with the best understanding of community priorities are the residents of the region. As such, an improved approach to organizational reviews must include both in depth.

In addition to the discussion topics outlined above, during the work with the Executive Committee elected officials raised one major concern to the CAO that would need to be addressed in any approach to a review of the organization:

- Directors saw the importance of “independence” of the external review as an important quality of the traditional, external, top-down, approach to core review.
 - This discussion had a significant influence on the approach proposed for this organization. It was clearly stated and defined by Directors that any approach needed to avoid any perception regarding conflict of interest by staff in being responsible for the review. This issue was dealt with on a number of levels in both the framework and participants engaged the proposed process

This work of the CAO with the Executive Committee was instrumental in developing interest on the part of the Board to support an alternative approach to core service reviews. Having the fullest understanding of all of the implications, options and possibilities allowed individual elected officials to come to a valid and supportable conclusion that alternate approaches were not just possible, based on examples from other jurisdictions, but in fact likely to produce better, more robust, and directly implementable outcomes.

Arising from the discussion with the Executive Committee the CAO developed a statement of intent that could be used to direct the development of an alternative (and improved) approach to an operational and efficiency review at the Regional District of Nanaimo:

The purpose of the review is to identify opportunities to streamline service delivery where possible, achieve cost efficiencies, improve service delivery and effectiveness, reduce duplication, enhance services where required and appropriate, and facilitate ongoing performance measurement and analysis. The review is expected to strengthen the link of service delivery to the strategic priorities of the RDN.

This review, while undertaken with an internal focus through the established review teams, will have a significant focus on assessing community and citizen satisfaction with current service levels and will directly engage external 'stakeholders' in the process. This is an innovative approach to the review of local government services and it is anticipated that this review will enable the RDN to meet future challenges in an equally innovative fashion.

In a general way this statement provided the Board the outline of an approach to reviewing the organization, and direction to the CAO in developing a framework and process for undertaking a review, that would address the intent(s) described. This became the key guide to the CAO in identifying and developing an alternative approach.

With the identification of the issues, a generally structured intent statement and support for a more innovative approach established at the Executive Committee I was provided with the direction to develop an alternative approach for consideration by the Executive Committee and the Board aimed at addressing the understood short-comings and appropriateness of the traditional core service reviews approach in the context of this organization.

THE OPERATIONAL and EFFICIENCY REVIEW PROCESS

The CAO of the RDN was tasked with the development of a “bottom-up” approach to an organizational review that was to engage the corporate planning group (senior management team), the management team, and CUPE staff in review teams to undertake the examination of efficiencies, effectiveness and deficiencies in each department and their respective service areas. The proposed approach drew heavily on work undertaken in other jurisdictions in developing the overall framework for the process (particularly that of Mr. Kevin Ramsay at The District of Squamish and The City of Port Moody).

The overall review process is outlined in the attached Operational Efficiency and Service Review Process document (Attachment 1). As described, the review at its core focuses on the direct review of operations through interviews with staff, elected officials and appropriate stakeholder groups by the established review teams. A review team was established for each respective department which held the responsibility for the review of that department or service area(s). It is important to note that the framework was developed with flexibility, as outlined in the process documents, which allowed departments to customize (to some extent) the review process relative to the particular qualities of their operations. For example, departments had the opportunity to develop multiple review teams to better address the review of individual service areas within the respective departments.

The draft templates for the interview process are attached to this report for the information of the Board (Attachment 3). It is also worth noting that the interview process was established with the support and participation of the CUPE local executive and CUPE members and that the CUPE Local President worked with the CAO in undertaking a number of the interviews with the elected officials in the RDN. As CAO I met with the CUPE President and reviewed the proposed Organizational Review process prior to its final presentation to, and approval to proceed from, the Board. The CUPE President

supported the proposal and committed to participating in the interviews undertaken specifically by the CAO. The commitments and support from CUPE were noted in the presentation of the proposal to the Board.

While the general framework of the bottom-up review at the RDN followed the precedents of work in other jurisdictions, there are a number of particular aspects that were developed and proposed by the CAO specific to this process.

Some concerns were raised by individual Executive Committee members during previous discussions with regard to the internal nature of a review undertaken by staff - the concern being that staff may lack the necessary objectivity to effectively evaluate operations. This aspect is the primary responsibility and role of the CAO in the process to ensure that the review has the best interests of the Regional District, taxpayers, and stakeholders in mind (not personal interests or pre-conceived biases) and that all options for changes and improvements to the organization are considered and evaluated. In addition, while undertaken with an internal focus through the established staff review teams, the review process has a significant external focus on assessing community and citizen satisfaction with current service levels, directly engaging external 'stakeholders' or clients in the process through both the direct interview process and via the proposed Citizen Survey and, perhaps more significantly, the review will also assure 'unbiased' review through the engagement of advisory external Subject Matter Experts (SMEs). Some additional discussion of these aspects of the review is warranted.

Community Survey

In terms of the Community Survey, the information collected by interview was supplemented by a survey of the residents of the RDN regarding their use, experiences and satisfaction with existing services, service levels and performance of RDN services. A professional polling agency (IPSOS Public Affairs) was engaged to undertake Citizen Satisfaction Survey interviews across the Regional District of Nanaimo. Of prime importance in engaging a 'pollster' was to ensure experience and availability of proprietary comparison data for municipalities on Vancouver Island, and established data on local government performance and norms for comparison purposes. The capability to provide direct comparison to other Vancouver Island local governments is recognized as particularly important for this review and will play an important role in evaluating operations at the RDN.

At the direction of the CAO the survey was developed in a manner that could result in a statistically valid opinion on RDN services at the individual community level. That is, the data was collected and broken down by both individual Electoral Area and Municipalities. This was a unique approach that had not been attempted in a Regional District previously, and provides vastly more useful information applicable to both the review and other more focused analyses.

The results of the Survey have been presented to the Board and Community by the CAO and are available to the public now.

Subject Matter Experts

As indicated above, and in the Process document (Attachment 1), the review has and will engage SMEs in advisory roles to ensure that best practices are considered in the review and evaluation of current RDN work. SMEs would be expected to advise the review team leaders on aspects of the review including:

- Comment on identified local government best practices for particular service areas;
- Review and comment on current service levels within particular service areas against their knowledge of best practices;
- The review of survey questions used for Staff and Stakeholder interviews in the review process;
- Comment on results from the interview process; and
- Review and comment on recommendations arising from the review and evaluation of particular service areas.

The CAO had some experience in participating in the Local Government Management Association's (LGMA) TeamWorks program and saw this as an ideal vehicle to engage SMEs for this review. The TeamWorks program has been established by the LGMA to provide professional advice and aid to local governments at little cost. The program calls on volunteer professionals working in local governments to work with the requesting jurisdiction on specific projects, reviews, evaluations, etc. Attachment 2 included with this report provides the call for volunteers that was used through the LGMA to attract and engage SMEs for the RDN's Operational and Efficiency Review. This initiative addresses two significant issues raised in the development of this approach to organizational review – the perception of internal bias and the concerns around cost containment.

As outlined in the Process Document (Attachment 1) clear expectations were established for the review based on the intent statement that was established by the CAO and the Executive Committee. The review is expected to investigate and respond to the full range of areas and questions expected in an in-depth operational and service review for each department or service area reviewed. Typical questions to be asked and answered by the Team through the review include, but are not limited to:

Alignment – What is the industry standard level of service? What level of service are we exceeding/lacking? Should we be doing the work or is it more effective for others to do the work? Should we be in the business at all? Is the work of the department or service adequately aligned with the Board Strategic Plan?

Financial / Budgeting – Is the budget reflective of the work performed? Is staff following policies and procedures? Are true costs captured in the budget? Are costs accurately related to the services provided (benchmarking)? Are we measuring the right things?

Organizational Structure – Is there an appropriate amount of supervision and span of control? Are employees capable of performing the required work, as listed in job classifications? Is the organization capable of flexibility, as situations dictate? Is there enough staff resources to complete priorities/too many? Are there barriers to hiring the right personnel for the positions?

Process Improvements / Efficiencies – Can technology create more efficiencies? Is there a business case to do the work? How can we partner with other departments/organizations? How can we streamline services? Are we meeting expectations of the community and our stakeholders? Are there opportunities to become more accountable to citizens/taxpayers? Is there the potential to combine resources with another service area to create efficiencies?

Staff Morale – Are employees satisfied in what they contribute to the Regional District? Do employees understand their roles and responsibilities? Does staff feel they are supported by the

organization? How does sick time in the department/service area compare to other areas/organizations? Does staff work safely?

The process document outlines the structure and expected content of the final reports issued by each department or service area reviewed. Due to the structure of the organization, an individual department may produce a number of final reports and recommendations depending whether the review is undertaken department wide or by service area or a combination of service areas. Regardless, the final recommendations and implementation plans will be presented to the Board for review and approval with responsibility for the implementation of approved recommendations subsequently turned over to the senior management team. A Final Report template is included (Attachment 4) that lays out the expected format in terms of the general contents of the final report.

The expected outcome of the review is to ensure that existing services, service levels, and resourcing are all strongly linked to the established strategic priorities. More specifically the review works toward greater progress in three of the four Strategic Priority areas - Self-Sufficiency, Economic Viability and Monitoring and Adaption.

It is important to note that the framework of the review had inherent flexibility that allowed individual department heads to adjust the process to reflect and suit the particular qualities of the respective service areas. This was intentionally part of the framework development by the CAO to engage the senior management team in the process and their departments. In my view this has been a particular success of this project.

CONCLUSION

This report details a proposed approach to an Operational and Efficiency Review at the Regional District of Nanaimo and the specific role the CAO played in the development of the alternate approach to core service reviews that was undertaken.

At the May 23, 2013 Executive Committee meeting the CAO was given direction from the Committee to investigate the process for undertaking a “bottom-up” service review at the Regional District of Nanaimo. This direction followed significant discussion and review of “core service review” projects from a variety of jurisdictions within British Columbia and in other Canadian provinces. Evident in the review of completed “core service reviews” was the significant cost of those projects and the concerns raised by both elected officials and the general public in the various communities of the benefits arising from the review versus those costs.

Other jurisdictions have noted that the gaps in knowledge and understanding by external consultants in local government operation and community priorities has also dampened the effectiveness of the traditional top-down approaches. In a number of jurisdictions these concerns have resulted in the organizations abandoning their traditional external consultant based “core review” for well-developed bottom-up service reviews.

Following an extensive review and discussion of core service reviews, in September 2013 a report on a fully envisioned Operational and Efficiency Review was presented to the Executive Committee by the CAO. The Executive Committee approved the review as outlined in the proposal. Subsequently the proposed process was presented to the full RDN Board and community by the CAO, and received

approval to undertake the project. Work on the project was fully underway by the spring of 2014 and is currently in its final stages with reporting out of the final results of the process expected in early 2015.

This report outlines a unique approach to “core review” in local government, that builds on the bottom-up review work that has been successfully undertaken in other jurisdictions, and provides a framework for the review that will engage the organization and the community in an examination of efficiencies and effectiveness of each department of the RDN and their respective service areas.

The process of developing and carrying out this review has resulted in some important “lessons learned” that I have benefited from in understanding the organization that I am responsible for, and that others may benefit from if/when considering a similar project. These Lessons include:

- There is remarkable capacity and understanding of operations within the organization that can be leveraged through the appropriate collaborative process to significantly benefit the organization. Externally “driven” reviews typically cannot benefit from this and as a result often cannot deliver on the claims or intents of the process.
- While not yet complete the review is already paying dividends to the organization in terms of identified gaps in service delivery, opportunities of increased efficiency and understanding of the how the organization and the services we provided are viewed in the community and by our direct clients. Departments have begun to implement changes to process, organization and other specific moves ahead of the final recommendation process because benefits and improvements were so clearly apparent.
- The power of collaborative approach is clearly demonstrated in this project at all levels. The CAO working with the Executive Committee to understand the issues and develop a reasoned approach; the management group working directly with CUPE staff and external stakeholders to understand the effectiveness and efficiency of their operations; the broader collaboration by professionals from other jurisdictions that volunteered to work as SMEs in the process and contribute external guidance and advice; the direct participation of the CUPE President in the review process with the CAO, all demonstrate what is possible when a reasoned collaborative approach is developed.
- That it is important to not underestimate the time and resources that are necessary to undertake a project of this complexity. In terms of time, other ways of going about a review would have been faster, undoubtedly. At this late point in the process it appears clear that the work is and will be worth the effort, but that conclusion is made also recognizing that at time the additional workload and expectations I have put on the management team have not been insignificant.
- Most significantly, for me as the CAO, the process has resulted in a significantly increased level of engagement in our operations at all levels. While viewed with some degree of trepidation at the outset the interview process (in all cases) has

been viewed as a positive experience by staff who have appreciated the opportunity to express their ideas and simply be heard in the organization. In addition, at the management level I see benefits already from engagement by managers right up to the senior levels in changing their management practices to continue the engagement with their teams that has been established through the review to date

This is an innovative approach to “core review” in local government services which will enable the RDN to meet future challenges in an equally innovative, effective and efficient fashion. In addition, the process undertaken by the RDN, and lessons learned, may well serve as a model for other jurisdictions considering similar operational reviews in the future.

ATTACHMENT 1

Regional District of Nanaimo Operational Efficiency and Service Review

Process

1. Phase 1 - Preparation

1.1. The Purpose of the Review

The purpose of the review is to identify opportunities to streamline service delivery where possible, achieve cost efficiencies, improve service delivery and effectiveness, reduce duplication, enhance services where required and appropriate, and facilitate ongoing performance measurement and analysis. The review is expected to strengthen the link of service delivery to the strategic priorities of the RDN.

This review, while undertaken with an internal focus through the established review teams, will have a significant focus on assessing community and citizen satisfaction with current service levels and will directly engage external 'stakeholders' in the process. This is an innovative approach to the review of local government services and it is anticipated that this review will enable the RDN to meet future challenges in an equally innovative fashion.

1.2. Establish Service Review Priorities

- 1.2.1. It is expected that the review(s) in individual departments and/or service areas will be largely undertaken concurrently such that results and recommendations arising from the review(s) can be comprehensively presented to the Board and acted on in a timely manner. However, the Corporate Planning Committee (CPC) may review and prioritize areas for review based on existing issues/concerns and direction and advice received from the RDN Board. Reviews may be undertaken singularly as a department wide review or as a collection of multiple service area reviews within a department. The approach undertaken will be individualized for each department as determined by the CPC and the review Team Leads.

1.3. Establish the Service Review Teams

- 1.3.1. It is important to create a balanced team that includes external Subject Matter Experts (SMEs) and non-traditional leaders specific for each department or service area review in addition to management and staff directly engaged in the work of the area.

The team must have the best interests of the Regional District, taxpayers, and stakeholders in mind and not personal interest or pre-conceived biases. Optimum team size is four but up to six is acceptable. The team should be selected from management and staff but, in specific circumstances, consideration should be given to consulting assistance where subject matter expertise is needed or desirable.

The Corporate Planning Committee (CPC) will determine the make-up of the team a minimum of 4 weeks before the start of the formal review. The CPC will work with the CUPE Local President to identify appropriate union staff appointees to the review teams.

- 1.3.2. Team members must commit to attending all meetings, excepting emergency circumstances. The strength of the review is in the team approach to determining current conditions and recommendations for improvement.
- 1.3.3. A Team Lead (department General Manager or Director) will be assigned to ensure that a fair and consistent approach is taken to review(s) and to ensure that commitments and timelines are met. Depending upon the approach undertaken by the department, a Team Lead may be responsible for multiple review teams.

The Team will be responsible for the direction and nature of the analysis and the Lead will be the author of the final report for the respective department or service area. Review Team members will be expected to 'sign-off' on the final report prior to its submission to the CPC and RDN Board.

1.4. Subject matter Experts (SMEs)

- 1.4.1. The CPC will determine the requirement for SMEs for particular departments or service areas for the review process.
- 1.4.2. SMEs will be recruited and engaged through the Local Government Management Association (LGMA) 'TeamWorks' program, or directly from other agencies as appropriate.
- 1.4.3. SMEs will act as advisory members of the respective Review Teams through the review process as outlined in the TeamWorks Call for Volunteers (Attachment 3) and any agreements established between the RDN and SMEs from participating local governments. It is anticipated that the time commitment for SMEs in the process would be 10-20 hours over the review.

1.5. Community Satisfaction Survey

- 1.5.1. A professional polling agency will be engaged to undertake Citizen Satisfaction Survey interviews across the RDN. Of prime importance in engaging a 'pollster' will be experience and availability of proprietary comparison data for municipalities on Vancouver Island.
- 1.5.2. Survey questions will be developed in consultation with the polling agency and approved by the CPC aimed at gauging residents' views and opinions regarding RDN services in the Electoral Areas and Municipalities.
- 1.5.3. Where possible survey interview questions will be developed to permit comparison to current BC local government norms and benchmarks to provide additional context and insight to the review.
- 1.5.4. Polling agency to undertake the survey interviews in the Fall of 2013.
- 1.5.5. Survey results including comparisons and benchmarking with other jurisdictions and local government norms will be compiled by the polling agency and provided to the Team Leads.
- 1.5.6. Collected data will be used to inform the internal review that follows and the recommendations arising from the review process.
- 1.5.7. Survey results will be presented to the RDN Board and made available to the community.

1.6. Compile Critical Information

- 1.6.1. Financial Services to provide current year department or service area budget, financial history (past 5 years), service area sick time and leave reports, and payroll costs. Information to be presented in spreadsheet format to allow for data manipulation by the review team.
- 1.6.2. Department or service area to provide any pertinent historical information relevant to the key services provided.
- 1.6.3. Department or service area to provide an organizational chart showing all positions and classifications.
- 1.6.4. Human Resources to provide pay scale and job description specifications for each position within the department or service area.
- 1.6.5. Department or service area to provide current service levels.
- 1.6.6. Department or service area to provide Industry Best Practices. As necessary SMEs for the department or service area will provide input on Best Practices.
- 1.6.7. Team Lead to establish interview list of staff and stakeholders appropriate to the respective department or service area review.

1.7. Schedule Meetings – Preparation for Initial Meeting

- 1.7.1. Team Lead to block off and schedule team members for the review period that will effectively allow for interviews, meetings, discussion, and final report preparation.
- 1.7.2. Team Lead to collect all background information and prepare for initial meeting with overall team.
- 1.7.3. Team Lead to schedule key interviews, at least one week prior to engagement, with key personnel and stakeholders, assigning team members for each interview.

Consider interviews with key decision-makers (Elected Officials), stakeholders, and staff that interface with the department or service area.

2. Phase 2 – Formal Review

2.1. Initial Team Meeting

- 2.1.1. Team to meet and reinforce key objectives and process details. Initial discussion should suggest key areas or “hot points” that will need to be addressed. Department Manager should provide a summary of the key activities, purposes, and challenges within the department or service area. Information gathered through the community survey may be used by the Team to make adjustments to and finalize the interview questions.
- 2.1.2. Assign Team responsibilities for determining current state and for leading discussion on: service alignment; organizational structure; staff morale; process improvements/efficiencies; and financial/budgeting.

2.2. Interviews

- 2.2.1. Team to complete initial interviews with employees, stakeholders and elected officials using the interview templates (Attachment 4). All efforts will be made to ensure, where practical, that each and every full-time employee in the organization is interviewed.

NOTE: The interview templates are **draft** – Interview questions to be finalized by the Review Teams.

2.3. Follow-up Team Meeting

- 2.3.1. Team to discuss interviews and initial findings.
- 2.3.2. Team to determine work required before intermediate meeting(s), and assign responsibility as appropriate.
- 2.3.3. Between follow-up meeting and intermediate meeting(s), focus areas are to be addressed by assigned team members. Typical questions to be asked and answered by the Team through the review include:

Alignment – What is the industry standard level of service? What level of service are we exceeding/lacking? Should we be doing the work or is it more effective for others to do the work? Should we be in the business at all? Is the work of the service adequately aligned with the Board Strategic Plan?

Financial / Budgeting – Is the budget reflective of the work performed? Is staff following policies and procedures? Are true costs captured in the budget? Are costs accurately related to the services provided (benchmarking)? Are we measuring the right things?

Process Improvements / Efficiencies – Can technology create more efficiencies? Is there a business case to do the work? How can we partner with other departments/organizations? How can we streamline services? Are we meeting expectations of the community and our stakeholders? Are there opportunities to become more accountable to citizens/taxpayers? Is there the potential to combine resources with another service area to create efficiencies?

Organizational Structure – Is there an appropriate amount of supervision and span of control? Are employees capable of performing the required work, as listed in job classifications? Is the organization capable of flexibility, as situations dictate? Is there enough staff resources to complete priorities/too many? Are there barriers to hiring the right personnel for the positions?

Staff Morale – Are employees satisfied in what they contribute to the Regional District? Do employees understand their roles and responsibilities? Does staff feel they are supported by the organization? How does sick time in the department/service area compare to other areas/organizations? Does staff work safely?

2.4. Intermediate Team Meeting(s)

- 2.4.1. Update on follow-up work/research. Discussion on key areas of concern with brainstorming about possible solutions and/or options for improvements. Include team decisions on what process, organizational and functional improvements can and should be made.
- 2.4.2. Record first comments in preparation for final report.

- 2.4.3. Schedule additional Team meetings, as required.
- 2.4.4. In preparation for Final Meeting, each team member to prepare final report draft comments for wrap-up meeting.

2.5. Final Meeting - Wrap-Up

- 2.5.1. Open discussion on final considerations for report.
- 2.5.2. Review comments for each department and service area and sign-off by team members.
- 2.5.3. Report to be formatted and finalized by support staff.
- 2.5.4. Final comments should consider:
 - Impact on the applicable Collective Agreement;
 - Impact on staff;
 - Potential changes to service levels;
 - Organizational alignment;
 - Rescheduling shifts, work schedules, positions required;
 - Process efficiencies;
 - Improving morale;
 - Combining services with other departments;
 - Performance measurement and comparison to similar organizations;
 - Board Strategic Plan.

3. Phase 3 – Final Report

- 3.1. General format of final report as per template (Attachment 5). Specific layout, graphics, etc. to be finalized by CPC.
- 3.2. Report to be reviewed and approved by CPC.
- 3.3. Corporate Planning Committee to determine implementation strategy. Consideration for Union, Board, external stakeholders, and others should be included in the implementation plan. Implementation will include and detail deliverables and time lines for implementation of recommendations.
- 3.4. Final Review Report to be presented to RDN Board at a seminar session before final presentation by Team Lead/CAO at scheduled Board Meeting.
- 3.5. Final Review Report to be presented to Union with an open discussion on implementation strategies. The goal is to partner with the Union to create organizational synergies.
- 3.6. Final Report with an Implementation Plan to be presented to the Board (Open Meeting) for consideration.
- 3.7. Responsibility for implementation handed over to CAO/CPC.
- 3.8. Final Review Report and Implementation Plan to be made available to all staff.

4. Phase 4 – Follow-Up

- 4.1. CAO/CPC to report to the Board on the progress of implementation of the recommendations on a quarterly basis, or as necessary, to ensure that the Implementation Plan is carried through.

ATTACHMENT 2

Regional District of Nanaimo Operational Efficiency and Service Review

TeamWorks Call for Volunteers

The Regional District of Nanaimo Board of Directors is interested in undertaking an operational efficiency and services review (“core services review”) at the RDN to examine the effectiveness, efficiency and mandate of the six Departments that make up the structure of the organization. The CAO of the RDN has been tasked with the development of a “bottom-up” approach to a review that will engage the corporate planning group (senior management team), the management team, and CUPE staff in review teams to undertake the examination of efficiencies, effectiveness and deficiencies in each department and their respective service areas. A review team will be established for each respective department and will be responsible for the internal review of that department or service area.

As part of this review process the RDN is interested in engaging Subject Matter Experts (SMEs) from other BC local governments (and appropriate Crown agencies) to aid in the review process and to participate in the review as an independent third “set of eyes”, acting as a sounding board and/or advisory capacity in the review of particular departments or service areas. SMEs will work directly as advisors to the departmental General Managers and Directors that will head up the particular review teams. SMEs would be expected to advise the review team leaders on aspects of the review including:

- Comment on identified local government best practices for particular service areas;
- Review and comment on current service levels within particular service areas against their knowledge of best practices;
- The review of survey questions used for staff and stakeholder interviews in the review process;
- Comment on results from the interview process;
- Review and comment on recommendations arising from the review and evaluation of particular service areas.

It is expected that the work of SMEs will be primarily carried out via electronic communication and teleconference calls with a limited necessity for onsite or face-to-face meetings at the RDN.

This project will be of interest to experienced local government managers with 5-10 years (or more) background in managing local government departments, specific service areas and/or combinations of service areas.

The following departments and service areas will be reviewed in this project:

Strategic and Community Development (Development Services)

- Regional Growth Strategy development and implementation
- Rural community planning and development approvals
- Building Inspections, Bylaw Enforcement, Emergency Planning
- Energy and Sustainability programs

Recreation and Parks

- Regional and Community Parks and Trails acquisition, planning and operations
- Recreation programs and facility operations

Regional and Community Utilities

- Sewer collection systems and liquid waste treatment
- Water systems and operations

Transit and Solid Waste

- Regional Transit system planning and operations
- Solid Waste collection and landfill operations
- Recycling and green bin collection and operations

Regional District Finance

- Capital and Operational Budgeting
- Financial Accounting
- Electoral Area Fire Services (Volunteer Fire Departments)

Regional District Administration

- Human Resources
- Administrative Services and Communications
- Information Services

While not explicit in this list of department and service areas for review, the project is also expected to examine the current structure, function, and operation of existing committee structure(s) and grant programs within individual departments.

Though a schedule of reviews and prioritized areas for review have not yet been confirmed, it is expected that reviews will be undertaken concurrently; the project will be initiated in the Fall/Winter of 2013; and the work will be concluded by the Spring of 2014. It is anticipated that the time commitment for TeamWorks participants will be 10-20 hours distributed over the 6-month review period.

This is a unique approach to “core review” in local government, builds on the bottom-up review work that has been successfully undertaken in other jurisdictions, and is a project that is expected to pay dividends to both the citizens and the Board of the Regional District in terms of efficiency and effectiveness improvements to RDN services, as well as be professionally rewarding to staff and the Subject Matter Experts that participate in the project.

ATTACHMENT 3

Regional District of Nanaimo Operational Efficiency and Service Review

Staff Interview – Format Template

Date	
Service Area	
Interviewed By	

“These interviews are to be kept fully confidential to the team members only. Your comments will not be discussed with anyone else. All information collected will be aggregated and no individual identification of source of comments will be maintained.

We encourage open dialogue as the Operational Efficiency and Service Review is intended to make this organization a better place to work and to operate more efficiently and effectively in providing services to the community.

Your input is important in this process of evaluating the work and services of the RDN and invaluable to the Board in demonstrating the value of the RDN to the community.”

Personal

1. How long have you worked for Regional District?
2. What positions have you held with the Regional District?
3. What is your best skill?
4. What hidden skill do you have that no one realizes?
5. Are you allowed to reach your potential?
6. How many performance reviews have you had at the RDN in your career?
7. Do you feel like you are appreciated?
8. Do you feel like you are adequately remunerated?
9. What could the organization do to make your work life better?
10. Do you have work / life balance?

Work Functions

11. What aspect of work (if any) in your department is most wasteful?
12. In your view are there service(s) within your department that do not meet expectations of the community?
13. In your view are there examples of services that we provide in a particularly effective and efficient manner?
14. Can you provide any examples of services within your department that we do not provide in as effective and efficient manner as possible? What could be changed to make the necessary improvements?
15. Do you feel you receive enough direction in the performance of your duties?
16. Are there enough supervisors to provide decent direction? – Too many, too few, just right?
17. Are there enough employees to fulfill the services the public expected?
18. What other department do you work closest with?
19. Is the relationship functional?

Final

20. Are there changes you would make if you were the Manager of the department?
21. Where are there non-productive areas that can be reallocated to focus on the functions we should be providing
22. What other comments can you add?

**Regional District of Nanaimo
Operational Efficiency and Service Review**

Stakeholder Interview – Format Template

Date	
Service Area	
Interviewed By	

“These interviews are to be kept fully confidential to the team members only. Your comments will not be discussed with anyone else. All information collected will be aggregated and no individual identification of source of comments will be maintained.

We encourage open dialogue as the Operational Efficiency and Service Review is intended to make this organization a better place to work and to operate more efficiently and effectively in providing services to the community.

Your input is important in this process of evaluating the work and services of the RDN and invaluable to the Board in demonstrating the value of the RDN to the community.”

1. What do you see as the role of this department in the region?
2. What services does this department provide to you?
3. In your view are there service(s) within this department that do not meet the expectations of the community?
4. In your view are there examples of services that we provide in a particularly effective and efficient manner?
5. Can you provide any examples of services within this department that we do not provide in as effective and efficient manner as possible? What could be changed to make the necessary improvements?
6. Are there any new or emerging challenges for this area that need to be addressed – now, in the future? What are they?
7. How do you see the services provided improving? What could be changed to meet the challenges?
8. What services would you like to see added?
9. Are there services provided that should be reduced or abandoned?
10. What other comments can you add?

**Regional District of Nanaimo
Operational Efficiency and Service Review**

Elected Official Interview – Format Template

Date	
Service Area	
Interviewed By	

“These interviews are to be kept fully confidential to the team members only. Your comments will not be discussed with anyone else. All information collected will be aggregated and no individual identification of source of comments will be maintained.

We encourage open dialogue as the Operational Efficiency and Service Review is intended to make this organization a better place to work and to operate more efficiently and effectively in providing services to the community.

Your input is important in this process of evaluating the work and services of the RDN and invaluable to the Board in demonstrating the value of the RDN to the community.”

1. What do you see as the primary role of this department to the region?
2. What do you understand as the services this department provides to the community?
3. In your view are there service(s) within this department that do not meet the expectations of the community?
4. In your view are there examples of services that we provide in a particularly effective and efficient manner?
5. Can you provide any examples of services within this department that we do not provide in as effective and efficient manner as possible? What could be changed to make the necessary improvements?
6. What works well?
7. What are some challenges that you perceive for this department or service area - are there emerging challenges that are yet to be addressed?
8. What could be done or changed to meet these challenges?
9. Are there areas of service to the community that this department should be providing? What services would you like to see added?
10. Are there areas of service to the community that this department should not be providing? What services should be reduced or abandoned?
11. What other comments can you add?

ATTACHMENT 4

Regional District of Nanaimo Operational Efficiency and Service Review

Final Report – Format Template

- Executive Summary
- Department/Service Area History
- Applicable Best Practices
- Current Feedback
 - Community Survey
 - Stakeholder/Staff Interview Results
 - Observations
- Recommendations – Organization of Services
- Recommendations – Financial/Budgeting
- Recommendations – Organization of Staff
- Recommendations – Improving Staff Morale
- Recommendations – Process Improvements/Efficiencies
- Implementation Plan

ATTACHMENT 5

**Final Report
Regional District of Nanaimo
Operational Efficiency Review**