

York Region Organizational Efficiencies and Performance Accountability Review

Audit and Accountability Fund
October 2022

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Chapter 1: Executive Summary

This chapter provides background on the overview and purpose of the project conducted by EY, and the realized efficiencies as a result of the organizational review, service review and program area review.



Executive Summary

Background

Over the past five decades York Region has remained committed to increasing economic prosperity, supporting community health, safety and well-being, building sustainable communities, protecting the environment and delivering trusted and efficient services. The COVID-19 pandemic challenged York Region and municipal governments in ways that could never have been anticipated with respect to Public Health response and determining new ways to deliver critical services to residents. COVID-19 response required agility and flexibility to changing requirements, reliance on evolving technology solutions, adoption of hybrid service delivery models and increased focus on customer service. After the past 2+ years of adapting service delivery methods, processes and staffing formulas, York Region is taking this opportunity to optimize efficiencies and lessons learned, and formalize improvements learned through the pandemic.

On August 16, 2021, the Provincial government launched the third intake of the Audit and Accountability Fund (“AAF”) to support Ontario’s large municipalities so they can benefit from further provincial funding to conduct service delivery and administrative expenditure reviews, with the goal of finding efficiencies while protecting and modernizing front-line service. The purpose of this EY 2022 review was to develop implementation plans to support organizational effectiveness and efficiency through realigned governance and management models. This review was intended to support York Region in proactively managing future growth, meeting enhanced community service and infrastructure needs, advancing Council’s Vision, delivering digital transformation, addressing critical corporate risks and retaining and attracting staff. This project satisfied the Provincial AAF Criteria related to digital modernization and integrating services.

Identified Efficiencies

Based on recommended organizational shifts of People, Equity and Culture to the Office of the Chief Administrative Officer and Information Technology to Corporate Services and the consolidation of Environmental Services and Transportation Services into Public Works, a five-year aggregate savings of \$5.8M to \$8.6M was identified for a combined project savings of 4% - 6% over five years.

Financial Information and Data Disclaimer

Calculations have been based on specific assumptions noted in the assumption section of this report. These assumptions are based on high level estimates which are subject to significant variability. Not every potential influence or factor has been considered including, but not limited to, negotiated changes with union representatives, and the impact of overhead costs. Further analysis is required to refine these calculations to reflect more accurate observations.

Chapter 2: Case for Change

This chapter provides the organizational wide drivers that indicate why the Region is changing, illustrating that there is a strong business case to support the case for change.



Organizational Drivers of Change

The last significant organizational changes in York Region were made in 2014. It is a good practice to review organizational structures regularly to ensure the organization is set up to meet the challenges of changing business realities and remain aligned to its vision, mission and strategic direction. The three organization-wide drivers behind exploring this re-alignment are outlined below

To Support Staff	To Deliver on Commitments and Priorities	To Prepare for the Future
<ul style="list-style-type: none">• York Region is a Top Employer and works diligently to attract and retain staff• Changes will support ongoing succession planning and leadership development	<ul style="list-style-type: none">• A realigned structure will better position the organization to succeed and achieve strategic goals and priorities• Implementation of the Accountability Framework requires alignment of Council's Vision for the community with a new Organization Strategic Plan, Multi-Year Budget and 4-year Departmental Plans• This realignment responds to strengthening key organizational factors such as leadership, planning, customers, people and processes	<ul style="list-style-type: none">• Resident needs have evolved and requires organizational changes to ensure clear roles, accountabilities and efficiencies• COVID-19 has created many learnings that inform future opportunities for new working environments• York Region is focused on improved efficiencies that ensure exceptional customer service, technological advancements, budget flexibility, and helping reach climate change targets

Chapter 3: Change Management Theory

This chapter provides the change approach, the change management plan, and communications plan to support the planned transition to the future state organizational structure at York Region. It also provides direction for workforce and change impacts, and the development of detailed plans for leader-led change management.



Organizational Change Management | Approach Development

Inputs received from the Project Sponsor combined with SMT interviews helped develop the case for change and guiding principles for the change. Once these components of the change were articulated, the Organizational Change Management approach was developed leveraging industry leading change management methodologies and learnings from similar change initiatives in the public sector

Case for Change and Guiding Principles

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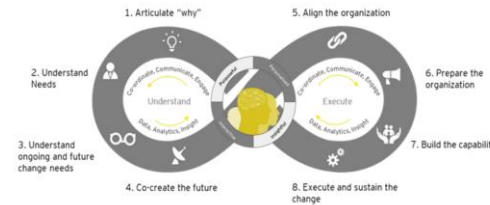
Project Sponsor and SMT Inputs

Approach to Identifying Opportunities

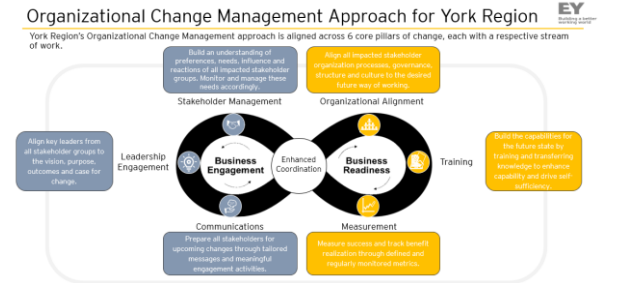
To develop the opportunities, EY completed a current state assessment to develop a baseline understanding on the pain points and challenges faced by York Region, and the priorities of Regional Council to transform the Region and achieve its strategic objectives. To do this, EY conducted a series of interviews across Senior Management Team members, conducted a survey with 100% response rate and leveraged best practices from other governments.



Organizational Change Management Leading Practices



Organizational Change Management Approach



Summary of Inputs

Inputs from stakeholders indicate a change management plan is needed to address some of the change concerns as York Region transitions into the Future State: key message delivery, support service requirements and key capabilities needed for business continuity, timing of transition, and reducing "change fatigue".

Summary of Outputs

The Organizational Change Management approach is comprised of 6 key focus areas with associated activities and outcomes that will guide the change management process.

Goals and Outcomes for Change Management

A sound change management program is required to support a successful transition to the future state. The goals and target outcomes of the change management approach proposed for York Region are outlined below

YORK REGION'S GOAL:

To drive successful shifts in reporting lines with minimal disruptions to York Region - *technology, process, and ways of working* - so benefits are brought to life and align to York Region's strategic plans



YORK REGION'S TARGET OUTCOMES

- ✓ **Leadership is buying into the change** and actively driving adoption through visible sponsorship of the new Organizational Structure and its' implementation planning.
- ✓ **Employees are ready** to transition to the new Organizational Structure with minimal disruption to their daily activities
- ✓ **Transition risks are minimized** because stakeholders were engaged early and often through the process, enabling issues to be pre-empted and resolved in a timely manner
- ✓ **Citizen experience is improved** in the long run as organizational structure changes result in achieving York Region's multi-year priorities: economic vitality, healthy communities, sustainable environment and good government

Guiding Principles for Change Management

A set of principles were developed to guide the change management approach. These principles were developed through a combination of analysing York Region's needs and reviewing leading practices observed from successful change management programs in other public sector organizations



Leader Led: Encourage leaders within the organization to help cascade key messages across the organization and be accountable for the success of the change



Simple, Direct and Personalized Messaging: Deliver messages that are consistent, and candid, while using simple, meaningful and personalized language to bring York Region stakeholders along on the transition into the future state



Tailored change readiness activities: Tailor tactics for specific resistance areas discovered in the future state



People Centric: Ensure change approach has minimal disruption to people's day to day responsibilities and are considerate of their existing workload



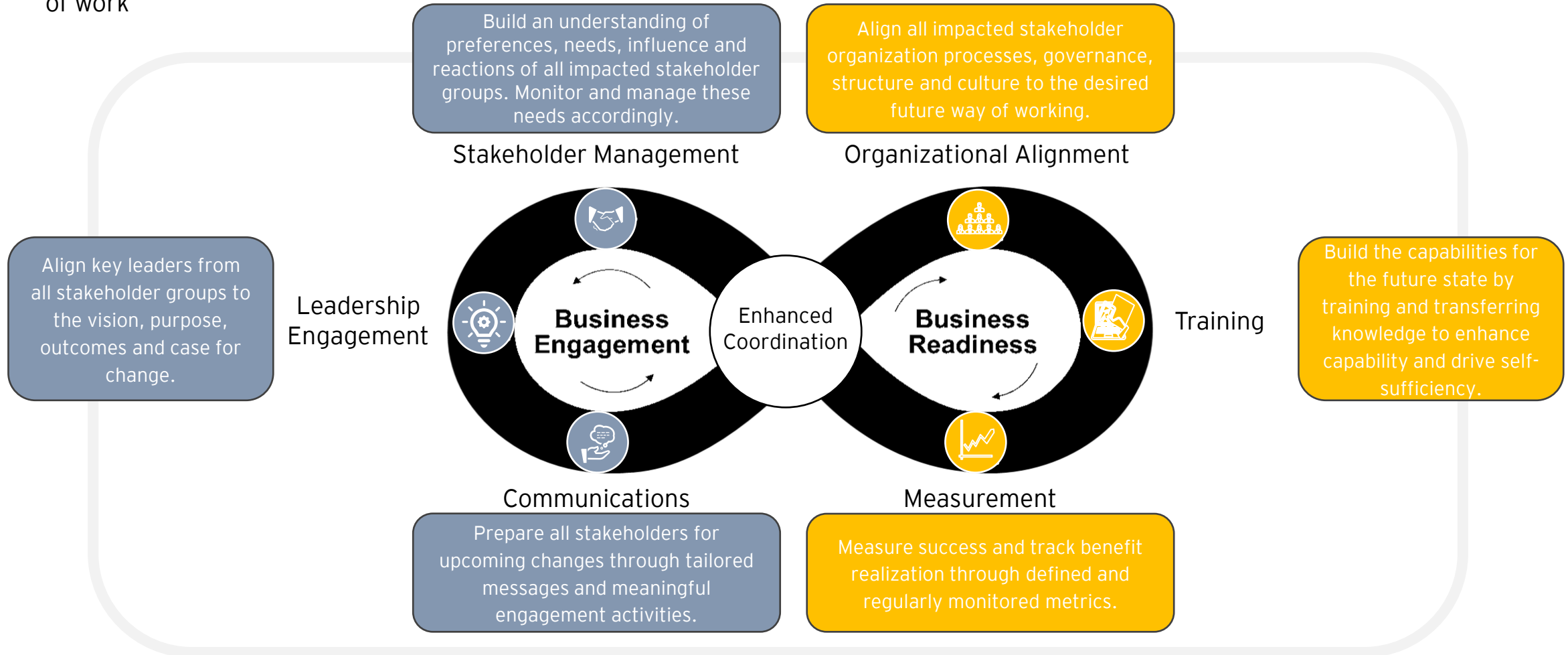
Outcome Oriented: Ensure all change activities are conducted with the goals of the future state transition in mind



Agile: Build flexibility in change activities to revise and pivot as needed based on learnings from ongoing transition phases

Organizational Change Management Approach for York Region

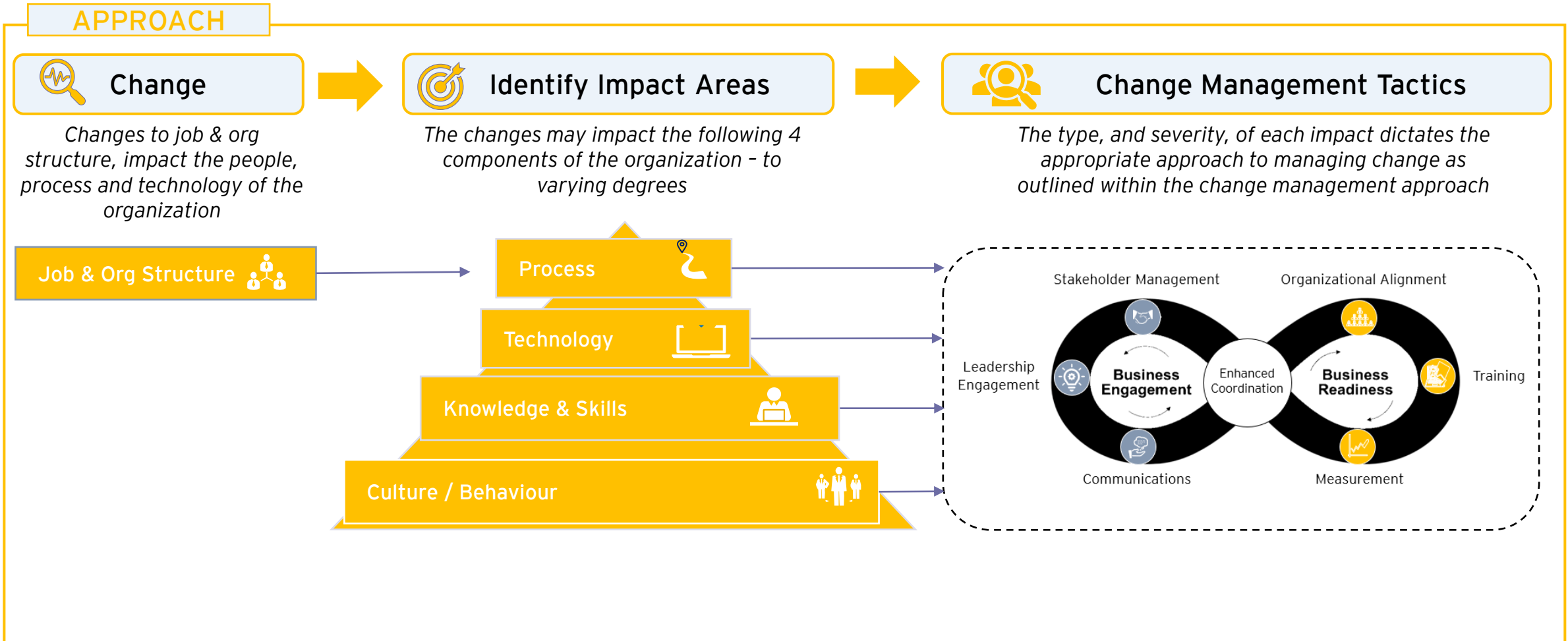
York Region's Organizational Change Management approach is aligned across 6 core pillars of change, each with a respective stream of work



While the subsequent slides outline a variety of change management activities that York Region can consider, selection of activities that are most appropriate for York Region's specific circumstances would be determined once a Change Impact Assessment is conducted by the leaders of impacted functions. **The Change Impact Assessment is the first activity recommended for the leader-led change management plan**

Change Management Next Steps | Impact Assessment

In order to identify the right change management activities (outlined in the change approach) to be conducted for each component of the future state organizational structure, a change impact assessment has to be completed by the leaders of the department that are receiving a new function, and the leaders of the functional area that are being moved to a new part of the organization. The change impact assessment approach is outlined below:



Chapter 4: Financial Definitions and Findings

This chapter initially provides the definition and assumptions that are to be considered in the financial benefits. Please note that there may be a different timelines for the implementation and when cost savings are realized based on decisions made by the senior management team. As a result of both the financial and non-financial benefits discussed, the report will conclude on summarizing the business case for York Region's continuous transformation.



Financial Benefits – Definitions and General Assumptions

Definitions of Financial Benefit Categories

- **Repurpose Accountabilities:** financial benefits associated with clarifying new roles and responsibilities.
- **Cost Savings:** financial benefits associated with reduced duplicative efforts, eliminating manual touchpoint, and reduced net cost of service delivery.
- **Productivity Improvement:** financial benefits associated with improved productivity in departments, new KPI implementation and increased consistency being created in the work being conducted.
- **Economies of Scale:** financial benefits associated long term with increased scale of operations and enterprise wide efficiencies.

General Assumptions

- Calculations for cost savings estimates analysis have been performed using input assumptions and data provided by the York Region management team and industry standards. Inputs to the analysis are the sole responsibility of the management team.
- The analysis herein is in summary form. Selecting portions of this analysis without considering all the factors and analyses considered, may create a misleading view of the output and results.
- Calculations have been based on specific assumptions noted. Not every potential influence or factor has been considered including, but not limited to, negotiated changes with union representatives, inflation, and the impact of overhead costs

Strong Business Case for Continuous Transformation

Benefits for York Region

The opportunity to transition York Region to its future state organizational structure and find the optimal outline of accountabilities and degree of centralization will ensure both financial and non-financial efficiencies are gained for York Region internally, and improve the citizen experience in the long run. Functional transitions will increase the organization visibility of certain functions and provide the opportunity to later transition certain department accountabilities to the corporate function. For the service delivery model for the service and program areas in scope, a combination of balanced and centralized models are recommended. A balanced service delivery model is recommended to certain service areas when the benefits of a fully centrally model is not justified, but will still ensure transaction activities are centralized while leaving strategic processes involving decision making independent to the respective department. A centralized model is recommended when the costs and times associated with full centralization is justified and will enable consistent service delivery and citizen and employee experience.

Once fully implemented, the consulting team's estimates suggest a potential 4%-6% quantifiable efficiencies across the different departments and functions that were outlined in scope for this project. On a regionwide scale, quantifiable efficiencies in the Regional municipality amount to a five year aggregate value between \$5.8m to \$8.6m. The financial benefits are summarized below.

Financial Benefits Summary

Short Term: \$0.9m-\$1.3m realized
Medium Term: \$2.6m-\$3.9m realized
Long Term: \$2.3m- \$3.4m realized
Total Financial Benefits: \$5.8m-\$8.6m

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