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**Subject:** Shared Services Update

**Report To:** Planning and Economic Development Committee

**Report date:** Wednesday, April 10, 2024

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## **Recommendations**

1. That Report PDS 9-2024 **BE RECEIVED** for information.

## **Key Facts**

- Following the last update report (PDS 30-2023), the Region and Local Area Municipalities (LAMs), led by the Area Chief Administrative Officers (CAOs), have commenced work on two large-scale shared service initiatives, and a policy alignment opportunity.
- The Region's Strategic Transformation Office has categorized all current and future opportunities for shared services within the region as either informal, semi-formal, or formal.
- This report provides an update on the first phase of shared service initiatives, in support of the Area CAOs Shared Services Working Group.
- Significant successes in shared services have been achieved to date between the Region and Niagara municipalities and are inventoried and outlined in Appendix 1.

## **Financial Considerations**

All costs associated with supporting, executing or implementing any new shared service initiatives would be the subject of subsequent reports to Council if undertaken outside of identified operating budgets. Where financial implications to enacting shared service changes impact LAMs, those activities would not proceed to implementation without express collaboration and consent of the affected and respective LAMs.

Staff continue to monitor federal and provincial grant opportunities as a possible offset for the exploration and execution of new, high impact or high complexity shared services initiatives. For example, the Region's pre-budget advocacy to the province includes a request that the Ministry of Municipal Affairs and Housing reintroduce and

expand the Municipal Modernization Program so that it applies to regional governments and two-tier shared services arrangements.

## **Analysis**

Area CAOs and municipal senior staff have worked collaboratively over recent years to implement a number of successful shared service initiatives. They continue to identify opportunities to change how Niagara Region operates and conducts business, so that services are delivered to residents in the most efficient manner possible.

In October 2023, Report PDS 30-2023 provided an update on the initial key areas of focus of the newly created Strategic Transformation Office, related to shared services, as well as the initial timelines for the first phase of activities. As mentioned in the October report, the Strategic Transformation Office has dedicated resources to support the Area CAOs on the numerous areas of focus for exploring and expanding more shared service opportunities that have a widespread impact to the community. There is also a 50/50 jointly funded staff resource between the Region and LAMs in support of advancing and delivering shared services between the parties. In addition to the collaborative work through the Strategic Transformation Office, LAMs have also continued to work among themselves to explore some of their own inter-municipal shared services arrangements. It is worth noting that the Region will have varying roles for each of the shared service initiatives identified by the Area CAO Shared Services Working Group. For those that the Region are not directly involved as a party (either services or operations), the Strategic Transformation Office will help provide leadership, resources and/or facilitation to assist with executing initiatives which involve multiple LAMs – to drive collaborative, effective and meaningful shared service delivery.

Based on the two key shared provincial objectives of more efficient and effective government and increasing housing supply, the first initiative identified by the Area CAOs to explore was a building services review. This review includes assessing the current state to improve building permit and inspection processes, increasing industry capacity through skills training, thereby directly addressing the efficiency of municipal government in increasing the housing supply more expeditiously.

The second initiative identified by the Area CAOs in the first phase of shared services work is identifying opportunities for procurement process and policy governance review and expanding on joint procurement of even more goods and services. PDS 30-2023 also identified smaller, less complex projects now referred to as 'policy alignment'

projects, which are relatively smaller in scope and can be completed much more quickly by smaller numbers of participants using an opt-in/opt-out model.

A shared service structure aims to bring together resources, functions, processes, and skills from different groups to create economies of scale, increase standardization, pool skill sets, and generate the critical mass required to yield a positive return. As originally identified in Report CAO 2-2021, there are three different types of shared services that fall along a spectrum of formalization.

- Informal: Networking and Information Sharing
  - Examples include networking groups, discussion groups, and communities of practice/working groups.
- Semi-formal: Partnerships and Collaboration
  - Examples include memorandums of understanding, joint initiatives and/or procurements, and shared resources.
- Formal: Shared Service Delivery
  - Examples include program oversight through a Joint Board of Management, service level agreements, pooled resources, and process ownership end-to-end.

Recognizing shared services cannot move forward independently, the Area CAOs have formed a consensus around the principles of why shared services are important to move our communities toward more resilient, sustainable, and efficient governments. All work on shared services in Niagara has at its foundation, the following four underlying principles established by the Area CAOs (in no particular order):

- Serving the Public Good
- Increasing Efficiency and Effectiveness
- Improving Customer Service
- Coordinating Use of Resourcing and Staffing

These principles will be applied when exploring, evaluating, and implementing shared service initiatives across and among Niagara's 12 municipalities and the Region.

## **Progress Update**

The Strategic Transformation Office, in partnership with Area CAOs, commenced work on the Building Services Review and Joint Procurement initiatives by laying out the workplans that were developed in collaboration with subject matter experts (Chief Building Officials and Public Works Officials / Procurement, respectively). Additionally, the climate change policy alignment was initiated in December 2023, with all 12 LAMs opting in to participate.

## **Building Services Review**

The first shared service initiative identified as a priority is the Building Services Review. The shared objective for this initiative is to coordinate building services across Niagara with the purpose of establishing consistency, seamlessness, and modernization through the review of the building permit and inspection processes. This includes:

- Maximizing resource sharing and workflow, including streamlining the overall process;
- Improving access to a wider range of qualified staff;
- Identifying gaps, overlaps, or inconsistencies; and,
- Documenting all elements of the processes.

This initiative commenced in November 2023 with an assessment of the work completed to date within each municipality, and identification of guiding principles specific to this review. The Area CAO Working Group endorsed initiative-specific guiding principles for the Building Services Review in December 2023 that will organize and prioritize the work plan. In January, the Chief Building Officials of Niagara (CBON), who represent the Region and all 12 local municipalities, worked collaboratively with the Strategic Transformation Office to develop a work plan that will aim to accomplish the shared objective while meeting each of the guiding principles.

Phase 1 of this work plan aims to bring about more consistency across municipalities while enhancing customer service and building capacity within the building departments. Of the 26 actions identified by CBON, ten were considered a priority. Of these, six are currently underway and four more are being initiated in the next few months.

These ten actions will aim to create more consistency within and between municipalities by documenting processes, aligning policies and procedures, and expanding the

collaborative environment for document and information sharing among the 13 building departments. Additionally, this work will examine how shared resources could also address an important area of concern as it relates to business continuity and reduced inter-municipal competition for the same labour pool, expertise, and skills. With the aim to maximize opportunities for resources and workflow, improve access to qualified staff, build capacity at the entry level, and make the process more consistent and seamless for developers; this work will build upon CBONs collaborative efforts to align and contribute to building efficiency and effectiveness of Niagara's building permit and inspection processes across the region.

It is important to note that CBON is incredibly active, engaged, and leading not only in the identification of many of these efforts but also in their implementation – without which success could not be achieved. The continued collaboration among the building services subject matter experts, under the direction of the Area CAOs and with the support of the Strategic Transformation Office, is enabling a collaborative, strategic and tangible workplan to advance at an accelerated pace.

Taking a two-phased approach, success in Phase 1 of the Building Services Review (2024) will demonstrate significant improvement in consistency, resourcing, process, and customer service across the building services function in Niagara. This is the exclusive aim of Phase 1 and will deliver clear and measurable outcomes. Leveraging the momentum, consistency, and buy-in achieved through Phase 1, Phase 2 of the Building Services Review (proposed to commence in 2025) will explore and identify future opportunities, including additional process and resource benefits that could be realized via potential future governance models. No decisions on Phase 2 commencement or activities will proceed without the Area CAO working group evaluating potential benefits and providing direction on scope. Any activities requiring Council direction would be brought forward as necessary by respective CAOs.

## **Joint Procurement**

Identified as the second shared service initiative, joint procurement is aimed at identifying opportunities between municipalities and/or with the Region for joint procurement, streamlined service delivery, and administrative coordination. In the first phase of this work, given the large majority of contracts and therefore joint procurement opportunities reside in public works services, the Strategic Transformation Office has met with Niagara's Public Works Officials (PWO) to discuss opportunities for collaboration in 2024 and 2025. Like their CBON counterparts, PWO have been highly

engaged in identifying new and aligned opportunities for joint procurements, actively prioritizing where efforts can be maximized.

There are three Regional contracts expiring in the next 12 months that the LAMs would like to participate in, as well as nine municipal contracts that have been identified as opportunities for expansion to others. These nine immediate opportunities are from a larger list of over 40 joint procurement opportunities identified within Niagara's collective public works procurements alone. The potential results of expanded or initiated new joint procurements will demonstrate savings in time, process and financial resources as a result of less procurement obligations (staff administration in contract/RFP/RFT management), larger buying power (may result in lower prices and/or better value), more efficient industry response (one response to one bid solicitation vs. many responses to multiple bids) and aligned specifications for products and services.

The Strategic Transformation Office is working collaboratively with the Niagara PWOs to assess the identified opportunities to determine a common scope, structure, and procurement timelines. This will include a review of existing contracts, recurring contracts/RFPs, options for identifying additional LAM partners, and aligning specifications for a cohesive procurement; all of which the Strategic Transformation Office will coordinate and for the most part, complete on behalf of the PWOs. All procurements will be compliant with all regional and municipal by-laws and policies. Furthermore, the Strategic Transformation Office will initiate assessments in additional areas to evaluate joint procurement opportunities which will include, Clerks, IT, Facilities, Finance, and Emergency Services.

### **Climate Change Policy Alignment**

The climate change policy alignment project was the first to be initiated and builds on the work of the Niagara Climate Change Municipal Community of Practice (NCCMCP), which encompasses all 12 municipalities; all of which have opted-in to participate in the project. The primary goal of this project is to identify areas where alignment can be achieved among municipalities and to assist LAMs in meeting provincial legislative obligations in 2024. In the initial phases of this project, a survey was conducted to establish a baseline of work undertaken by municipalities thus far. Using legislative requirements and municipal best practices, a work plan has been compiled for municipalities to foster collaboration and coordination and effectively align climate change efforts within our region. Regional staff, in collaboration with the Area CAOs and NCCMCP representatives, will identify the resources and support required to action the

work plan items and continue pursuing the desired outcome to be consistent and effective within and among LAMs on climate change initiatives.

### **Shared Services Inventory**

In an effort to demonstrate the extent to which shared services exist and the convey the degree to which collaborative partnerships flourish between the Region and LAMs, the Strategic Transformation Office completed a comprehensive inventory of Niagara Region's shared service initiatives with the LAMs (and some external parties). Included in this inventory are any initiatives that are currently in progress, ongoing, or had a one-time assignment within the last five years. Also recognizing the numerous shared service arrangements that exist between LAMs, with other documented successes outlined in PDS 30-2023, the initial phase of the inventory is focused on Region-LAM arrangements, with LAM-to-LAM initiatives encompassing the important next phase to show the entire magnitude of shared arrangements.

Based on the Region-LAM scope, there were 140 shared service initiatives identified by regional staff, as a type of shared service with one or multiple LAMs, Brock University, Niagara College, District School Board of Niagara (DSBN), Niagara Catholic District School Board (NCDSB), Niagara Parks Commission, Niagara Peninsula Conservation Authority (NPCA), Niagara Region Police, and/or Niagara Region Transit. Of the 140, referring back to the aforementioned definitions, 32 percent are informal, 37 percent are semi-formal, and 31 percent are formal arrangements, dating as far back as 1978.

Appendix 1 lists all the identified shared services, including the department lead, type of shared service, and participating municipalities and/or external parties; as well as an illustrative breakdown of the number of shared service initiatives with each municipality and external parties. To summarize the inventory, Table 1 below shows the total number of initiatives by Regional department, with 39 percent of the initiatives within the Public Works department.

Table 1: Number of Initiatives by Department

Region Department	Number of Shared Service Initiatives
Community Services	16
Corporate Services	20
Growth Strategy and Economic Development	22
HR Administration	9
Office of the Deputy CAO	8
Public Works	55
Public Health and Emergency Services	10
<b>Total</b>	<b>140</b>

With Phase 1 of the inventory now complete, the Strategic Transformation Office will be conducting Phase 2. This will include initiatives that are exclusively between Niagara's 12 municipalities, of which there are many documented successes. Collection of these initiatives will be completed in collaboration with the Area CAO Working Group and their staff. An exhaustive list of all Niagara Region shared service initiatives will be provided in the next shared services update report in fall 2024.

## Alternatives Reviewed

Regional Council has identified a more Effective Region as a core Strategic Priority, including specific deliverables related to identifying, advancing and implementing shared services. The Strategic Transformation Office, in working closely with the Area CAOs, are focusing the path ahead on the prioritized initiatives to meet shared Niagara and provincial objectives for more effective government and increasing housing supply.

As an alternative, the Strategic Transformation Office could opt to not support the LAMs on the identified shared service initiatives (building services and procurement) and focus efforts on other assignments. However, these priorities were identified by the Area CAOs and the Region is working collaboratively with them to develop actionable work plans to deliver services to residents in the most efficient manner possible. Other priorities could certainly be identified for exploration; however, having buy-in from Area CAOs on the focused priority projects allows for a coordinated, engaged and collaborative path forward. This report will be circulated to Area CAOs wherein each can bring information to their respective Councils as needed or as appropriate, and positively lead the contributions on behalf of their municipality.

As projects are initiated and explored, new and emerging ones will take their places as the Area CAOs continue to work through these opportunities and seek ways to meet their common objectives.

### **Relationship to Council Strategic Priorities**

The proposed shared services work is directly related to Council's Strategic Priority of an Effective Region and advances Objective 1.1 "Implement continuous improvement and modernized processes to ensure value-for-money in regional services and programs"; and Objective 1.2 "Explore and implement opportunities to improve service delivery outcomes through shared services".

The continued pursuit of shared service opportunities to transform service delivery also advances the Guiding Principles of fiscal responsibility; innovation; sustainability; partnerships; and transparency and accountability.

### **Other Pertinent Reports**

PDS 30-2023 Areas of Strategic Focus for Shared Services

PDS 10-2023 Strategic Transformation Office – Overview and Priorities

CAO 2-2023 Update on Shared Services Initiatives

CAO 2-2021 Update on Shared Services Initiatives by the CAO Working Group

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## **Appendices**

Appendix 1              Shared Services Inventory (Region-LAM)