
For Information

DATE: December 21, 2018

REPORT TITLE: **CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

FROM: Catherine Matheson, Commissioner of Corporate Services

OBJECTIVE

To provide an update on the improvements and efficiencies gained through the Region of Peel's Continuous Improvement Program

REPORT HIGHLIGHTS

- The Region has demonstrated through its Continuous Improvement Program improved service outcomes and value for tax dollars.
- Over the past four years, Peel has a cumulative cost savings totaling \$52.9 million for tax-supported programs and \$12.8 million for utility rate supported programs.
- A Lean Six Sigma approach has been formally adopted by Peel that supports its Continuous Improvement Program to achieve cost savings and efficiencies.
- 22 Continuous Improvement initiatives were completed in 2018 for a total cost savings of \$7.20 million and cost avoidance of \$3.69 million.
- Benefits and cost savings from the Continuous Improvement Program, including Lean initiatives, will continue to be reported to Council annually.

DISCUSSION
Overview

The Region of Peel continues to demonstrate its commitment to providing services that are effective and efficient and which minimize the tax burden on citizens. Cost savings and efficiencies have been achieved through its Continuous Improvement Program for many years and reported on to Council annually through the budget process. Several approaches have been used depending on the type of business issues being faced and the level of service enhancement being sought. These can include digital self service; service reviews and program evaluations; process improvement; human centred design; and, alternative service delivery. Some of the notable initiatives from the past few years that have benefited from these approaches include:

CONTINUOUS IMPROVEMENT PROGRAM UPDATE

- Collecting Development Charge revenue earlier and enhancing the management of growth-related capital expenditure, resulting in \$740 million less debt than forecast (as at August 2018);
- Implementation of flexible workplace practices in the Corporate Contact Centre allowed staff to work remotely, which provided 152K in saved space; a reduction of CO² emissions over 2-years that is the equivalent of saving over 13 acres of carbon absorbing trees; improved employee satisfaction with reduced travel time and associated costs; and improved productivity as measured on sick time/ down time;
- Achieving a cost savings of \$2.85 million annually through Water and Waste Water energy reduction and electricity optimization initiatives (as reported in 2017); and,
- As a program improvement, implementation of the Butterfly model in Malton Village, focusing on person-centred care and improving the quality of life for people in the advanced stages of dementia.

Over the past four years, the Region has achieved a cumulative cost savings of \$52.9 million and \$12.8 million in tax supported and utility rate supported programs, respectively, through the completion of various Continuous Improvement initiatives.

1. Lean Program

The Lean Six Sigma (Lean) program was formally adopted by the Region in 2016. An external review verified that Lean is the most widely used approach in the public sector and has shown to be effective in helping government organizations find cost savings and efficiencies through improving process, reducing non-value-added work, and increasing client satisfaction. Lean provides a structured problem-solving approach that focuses on defining, measuring, analyzing, improving, and controlling the business processes used to deliver Peel's services.

The long-term vision of the Lean program at Peel includes a conscious management of its service delivery processes, reduced process complexity, improved client access to services, and reduced costs for service provision.

2. Continuous Improvement Program Results

The utilization of the Continuous Improvement Program and its tools has produced several benefits. The table below provides a summary of the initiatives completed in 2018 that used a Lean approach in conjunction with other Continuous Improvement approaches. It summarizes the cost savings resulting in budget reductions; and cost avoidance through which staff and resources have been reallocated to other program needs.

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CONTINUOUS IMPROVEMENT PROGRAM UPDATE

Service	Number of Processes Improved	2018 Savings (\$1,000's)	Cost Avoidance (\$1,000's)
Income Support	2	-	\$177
Roads and Transportation	2	\$420	-
Waste	1	\$77	-
Water	2	\$4,670	-
Water/ Wastewater	1	-	\$2,946
Paramedics	3	\$256	\$70
Public Health	4	\$555	\$309
Financial Management	5	\$892	\$145
Asset Management	1	\$333	-
Workforce	1	-	\$39
TOTAL	22	\$7,203	\$3,686

A summary of the type of benefits achieved in these initiatives can be found in Appendix I. More information about each initiative can be found in Appendix II.

Several factors have contributed to the successful adoption of Lean within the broader Continuous Improvement Program, including:

- **Lean Resources:** The Lean methodology, tools and templates are shared with staff through the intranet website, Pathways.
- **Lean Training and Capacity Building:** Just-in-time training is provided to staff who lead or participate in Lean initiatives. Further coaching is provided to Lean facilitators to build internal capacity.
- **Measurement:** Baseline measures and measurement during and post-implementation allow us to tangibly assess the benefits from these initiatives.
- **Sustainment:** A greater focus on sustaining benefits from completed improvement initiatives has resulted in efficiencies being realized into future years.

On-going Continuous Improvement Initiatives

The Region will continue to leverage existing and emerging methods and tools to drive improved service delivery and report on the results to Council and the community. Baseline and post-improvement measurements will continue to be put into place to enable the quantification of benefits where applicable.

CONTINUOUS IMPROVEMENT PROGRAM UPDATE

FINANCIAL IMPLICATIONS

Cost savings and cost avoidance achieved in the Continuous Improvement Program will be reflected in the 2019 budget report to Council. Reporting on the Continuous Improvement Program will continue to be provided to Council on an annual basis in alignment with the budget process.

CONCLUSION

A key principle of Lean is to ensure that client, resident and citizen needs are the focus of improvement initiatives. It also ensures that services are being delivered effectively and in the most efficient manner possible.

The Region of Peel will continue in its efforts to achieve desired service outcomes and demonstrate that it is a well-managed government by delivering on its commitments as stated in the Strategic Plan to ensure that it is future oriented and accountable.



Catherine Matheson, Commissioner of Corporate Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

Appendix I - Summary of 2018 Continuous Improvement Initiatives: Benefits Achieved

Appendix II - 2018 Completed Continuous Improvement Initiatives: by Service

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*Reviewed in workflow by:
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**APPENDIX I
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Summary of 2018 Continuous Improvement Initiatives: Benefits Achieved

Service	Initiative Description	Type of Improvement Benefits Achieved:				
		Improved Quality	Reduced wait time	Improved Client Exper.	Improved Employee Engage.	Cost Savings / Avoidance
Human Services						
Income Support	Ontario Works File Scanning		✓		✓	✓
Income Support	Self-Employment Program Review	✓		✓		✓
Public Works						
Roads and Transportation	Street Light Conversion to LED			✓		✓
Roads and Transportation	Road Paving Initiative			✓		✓
Waste	LED Lighting Retrofit			✓		✓
Water	Industrial Conservation Initiative					✓
Water	Online Staff Ordering System				✓	✓
Water/ Wastewater	Locates Process	✓		✓		✓
Health Services						
Paramedics	Conversion of leasehold to regionally owned facilities					✓
Paramedics	Staffing Processes	✓	✓	✓	✓	
Paramedics	Inventory Management					✓
Public Health	Entry into HBHC Program	✓	✓	✓		
Public Health	Infections Disease Prevention Operational Review					✓
Public Health	Chronic Disease Prevention Operational Review					✓
Public Health	Early Growth and Development Operational Review					✓

**APPENDIX I
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service	Initiative Description	Type of Improvement Benefits Achieved:				
		Improved Quality	Reduced wait time	Improved Client Exper.	Improved Employee Engage.	Cost Savings / Avoidance
Finance						
Financial Management	Procurement By-Law Changes		✓			✓
Financial Management	Benefit Costing Update					✓
Financial Management	Community for Life Report			✓		✓
Financial Management	Procurement e-Bidding Process	✓	✓	✓	✓	✓
Financial Management	Budget Story	✓		✓		✓
Corporate Services						
Asset Management	Facilities Contracted Services Review					✓
Workforce	Salary Continuance	✓	✓	✓		✓

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

2018 Completed Continuous Improvement Initiatives: by Service

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Income Support/ OW File Scanning (Q4 2016 – Q3 2018)	Ontario Works client files are stored in hard copy. A large amount of physical storage space is required. It is labour intensive to manage files: incoming mail must be merged into those files; retrieval of files for case management.	<ul style="list-style-type: none"> • Reduced physical footprint for storage space at 10 Peel and 7120 Hurontario • Increased client document security • Quicker access to client documentation 	<ul style="list-style-type: none"> • Estimated 1,600 hours of staff time saved per year, with a resulting cost avoidance of \$54K • Reduced need for storage space by 3,200 square feet; space will be repurposed in 2019 • All backlog files have been scanned and stored electronically. All Ontario Works caseworkers now access client files electronically • Avg. client wait time for routine file requests decreased from 24 hrs to zero wait time 	The Region of Peel is a well-managed government	Four additional caseworker groups completed transition to file scanning in Q3 2018.
Income Support/ Self-Employment Program Review (2016-Q1 2018 -Q2)	Inconsistency in case management. Process is administratively heavy and cumbersome. Self-employment benefits for clients not realized.	<ul style="list-style-type: none"> • Eliminate waste in the process • Reduce workload for caseworkers • Improve client service • Improve client satisfaction 	<ul style="list-style-type: none"> • Utilized self-employment expertise available in the community, established referral process with Small Business Enterprise Centers (Mississauga and Brampton). • Annual cost avoidance of \$26K from stopping using previous agency • Workload reduction of 1,800 hours, resulting in cost avoidance of \$97K • Improved service by connecting clients with Small Business Enterprises that have the expertise to support self-employed clients 	Access to employment opportunities of your choice	Review initiated in 2016; however contractual requirements did not allow changes to be implemented until 2018.

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Roads & Transportation / Street Light Conversion to LED in Caledon and Brampton (Q2 2018 - Q3 2018)	High energy consumption and costs to provide street lighting in Peel.	<ul style="list-style-type: none"> • Improve lighting conditions • Reduce energy consumption and electrical demand • Minimize environmental impacts 	<ul style="list-style-type: none"> • The 2019 Budget includes a reduction of \$365K for electricity costs for street lighting. 	The Region of Peel is a well-managed government	
Roads & Transportation / Road Paving Initiative (2018 – 2020)	High maintenance costs for gravel roads and opportunity to provide improved service levels for residents of Peel.	<ul style="list-style-type: none"> • Reduce road maintenance costs • Lower customer complaints 	<ul style="list-style-type: none"> • The 2019 Budget includes a reduction of \$55K for road maintenance 	The Region of Peel is a well-managed government	In progress; base asphalt to be completed in 2019, top asphalt in 2020.
Waste/ LED Lighting Retrofits (Q1 2017 – Q2 2018)	High energy consumption and electricity costs for the Peel Integrated Waste Management Facility (PIWMF).	<ul style="list-style-type: none"> • Improve lighting conditions • Reduce energy consumption and electrical demand • Minimize environmental impacts 	<ul style="list-style-type: none"> • Decrease maintenance costs. The 2019 Budget includes a reduction of \$77K for electricity costs • LED lighting retrofits at the PIWMF have reduced lighting energy costs by 60% while increasing illumination by 10-fold • Be eligible for incentives through the “SaveONEnergy” program by the Independent Electricity Systems Operator 	The Region of Peel is a well-managed government	

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Water/ Participation in the Industrial Conservation Initiative	High energy consumption and electricity costs to provide safe, reliable, and high- quality drinking water to residents of Peel.	<ul style="list-style-type: none"> • Reduce energy consumption and electrical demand • Minimize environmental impacts 	<ul style="list-style-type: none"> • The 2019 Budget includes a reduction of \$4,600K for electricity as a result of participation in the Industrial Conservation Initiative. • Net savings to Peel is \$3,600K as a portion of the savings are offset by reduced recoveries 	The Region of Peel is a well- managed government	
Water/ Online Staff Ordering System	Inefficient process and high costs for internal ordering system.	<ul style="list-style-type: none"> • Efficient process (online system) • Employee satisfaction (ease of access/ use) 	<ul style="list-style-type: none"> • The 2019 Budget includes a reduction of \$70K as a result of the implementation of an online staff ordering system 	The Region of Peel is a well- managed government	
Water/ Wastewater/ Locates Process (Q1 2018 – Q2 2018)	Adoption of new service model by forming a Locate Alliance Consortium Partnership and entering into Alternate Locate Agreements with contractors for low risk work.	<ul style="list-style-type: none"> • Address a greater number of repairs at the same or reduced cost • Comply with regulated turnaround times • Reduce unit cost per locate 	<ul style="list-style-type: none"> • Cost avoidance of \$2,946K (Jan to Oct 2018) achieved through Alternate Locate agreements implemented in 2018 • Locate Alliance Consortium Partnership locate unit cost 35% less than 2017 • 65% of the locates performed by Locate Alliance Consortium (up 14% in 2017) • 37% more repairs completed vs 2017 • Peel + Locate Alliance Consortium Partnership achieving 80% Compliance (up from 43% in 2017) 	The Region of Peel is a well- managed government	Locate Alliance Consortium Partnership implemented in Feb 2018. Total number of standard locates decreased by introducing administrative improvements and Alternate Locate Agreements.

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Paramedic/ Conversion of leasehold to regionally owned facilities	Use of leasehold facilities result in higher operating costs	<ul style="list-style-type: none"> Reduce annual operating costs incurred to operate Paramedic stations 	<ul style="list-style-type: none"> By co-locating with local fire services and building regionally owned facilities, the operating costs were reduced by \$160K 	The Region of Peel is a well-managed government	
Paramedics/ Staffing Processes (Q4 2017 – Q4 2018)	Various interrelated issues which are impacting the ability to achieve 100% staffing levels on a consistent basis. This has resulted in staff taking more calls than planned and has affected employee morale.	<ul style="list-style-type: none"> Achieve 100% staffing levels consistently; Improve employee morale Reduce risk of having to hire more staff 	<ul style="list-style-type: none"> Reduction of 1,845 hours of shift overrun, improving employee morale and work life balance \$70K cost avoidance reallocated to support maintaining staffing levels Achieved average 101% staffing post-improvement compared to 97% the previous year Closing gaps in difficult-to-fill shifts on evenings and weekends 	The Region of Peel is a well-managed government	Pilots were run from Jan to Sept 2018. Results reflect the change in performance from 2017 over the same period of time.
Paramedic/ Inventory Management	Inventory loss due to decentralized inventory management	<ul style="list-style-type: none"> Reduce amount of surplus inventory 	<ul style="list-style-type: none"> Reduced supplies budget by \$96K 	The Region of Peel is a well-managed government	
Public Health/ Entry into HBHC Program (Q2 2017 – Q1 2018)	Opportunity to increase participation in Healthy Babies Healthy Children program by looking at different ways of engaging new mothers.	<ul style="list-style-type: none"> Better identification of clients with risk factors Increased acceptance into program Increased hospital 	<ul style="list-style-type: none"> Client acceptance rate for In-Depth Assessments increased by 108% (from 27% to 56.2%) by initiating hospital Liaison role and assigning 4 staff to engage clients at hospital bedside instead of by phone Transferred 3 staff from telephone booking to home visitation, cost avoidance of \$ 309K 	Access to services that meet your needs at all stages of life	.

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

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		<ul style="list-style-type: none"> partnerships • Enhanced client engagement 	<ul style="list-style-type: none"> • Increased total number of In-Depth Assessments completed by 35% over 2016 through staff realignment and focusing public health nurses on completing assessments in a timely manner 		
Infectious Disease Prevention/ Mitigation of funding shortfall	Council approved the 2018 budget with an assumption of 3% funding increase. Thereafter, Ministry of Health and Long-Term Care announced a 0% increase. This has resulted in net funding shortfall of \$1.2 million.	<ul style="list-style-type: none"> • Review expenditures to reduce the impact of funding shortfall on the tax base 	<ul style="list-style-type: none"> • Found reductions of \$95K without impacting current service levels 	The Region of Peel is a well-managed government	
Chronic Disease Prevention/ Mitigation of funding shortfall	Council approved the 2018 budget with an assumption of 3% funding increase. Thereafter, Ministry of Health and Long-Term Care announced a 0% increase. This has resulted in net funding shortfall of \$1.2 million.	<ul style="list-style-type: none"> • Review expenditures to reduce the impact of funding shortfall on the tax base 	<ul style="list-style-type: none"> • Found reductions of \$379K without impacting current service levels 	The Region of Peel is a well-managed government	

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Early Growth and Development/ Mitigation of funding shortfall	Council approved the 2018 budget with an assumption of 3% funding increase. Thereafter, Ministry of Health and Long-Term Care announced a 0% increase. This has resulted in net funding shortfall of \$1.2 million.	<ul style="list-style-type: none"> Review expenditures to reduce the impact of funding shortfall on the tax base 	<ul style="list-style-type: none"> Found reductions of \$81K without impacting current service levels 	The Region of Peel is a well-managed government	
Financial Management/ Procurement By-Law Changes (Q3 2017 – Q2 2018)	A new Procurement By-Law that is modernized and reflective of current public procurement trends, contains improved efficiencies and that continues to embody the guiding principles of integrity, fairness, openness and transparency.	<ul style="list-style-type: none"> Align Regional policies, legislative requirements, and trade agreements Modernize procurement processes, add flexibility Broaden delegated authority for RFP awards to reduce cycle time and increase efficiencies 	<ul style="list-style-type: none"> New delegated authority will eliminate the need to take approximately 22 reports to Council per year (based on experience in 2017), saving both staff and Council time Savings equate to approximately 1,000 hours of staff time per year, with corresponding cost avoidance of \$90K annually (based on 2017 figures) 	The Region of Peel is a well-managed government	

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Financial Management/ Benefit Costing Update (Q1 2018 – Q3 2018)	The Region is self-insuring for most employee benefits. Changes in WSIB legislation, employee demographics, medical costs and plan design all converge to change spending levels over time.	<ul style="list-style-type: none"> Improved accuracy of budget cost allocations to programs through an annual review of benefit cost trending 	<ul style="list-style-type: none"> The 2019 Budget includes \$892K in reductions for non-union dental and WSIB costs that were identified by the trending analysis 	The Region of Peel is a well-managed government	Under-allocation of benefit costs can lead to lost funding opportunities; over-allocation can result in unnecessary tax levy requirements.
Financial Management/ Community for Life Report (Q4 2017 – Q2 2018)	Opportunity to continue to improve the annual The Community for Life report.	<ul style="list-style-type: none"> Reduce the length of the report Improve client access to the content 	<ul style="list-style-type: none"> Shifting to a digital format, reducing the overall need for printed materials Reduced the length of the report by 50%; added a dashboard and video Video received over 225K views; 80K citizens viewed more than 50% of video Website landing page over 2,200 views 	Community voice and participation are welcome	
Financial Management/ Budget Story (Q2 2017 – Q1 2018)	Budgets are presented to Council and the public with a focus on the Depts. delivering services. Opportunity to move to outcomes-based story-telling that is more meaningful to the audiences.	<ul style="list-style-type: none"> Implemented across all client facing services Better linkage to investment in Regional services Easier for public to understand the outcomes 	<ul style="list-style-type: none"> Outcomes-based story-telling implemented for all 21 citizen-facing services Reduced length of budget document and made it easier for citizens to understand the connection to outcomes Saved time for staff in reviewing and updating a shorter document, with a cost avoidance of \$3K. 	Community voice and participation are welcome	

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Financial Management/ Procurement E-Bidding Process (Q2 2017- Q2 2018)	The procurement bidding process is very manual, with wait time delays and non-compliant/irregular bids being submitted using paper-based approach. Opportunity to eliminate waste in the process and realize efficiencies.	<ul style="list-style-type: none"> • Vendor self-service and notifications • Increased Vendor competition • Reduced number of bid irregularities • Reduced time and costs for Vendor and staff • Reduced environmental footprint (paper, vehicles on the road) 	<ul style="list-style-type: none"> • Vendor self-service registration, updates, bidding and addendum processes have been implemented • 32% increase in vendor competition through submission rates; 39% reduction in bid irregularities • Reduced staff time by 684 hours, cost avoidance of \$37K; \$4K in courier fees • Estimated 3,600 hours annually saved for vendors not having to attend in person; cost avoidance of \$3K for not having to use Regional meeting rooms • Avoided vendor costs by \$8K by not having to print hard copy documents • Reduced environmental footprint (travel, purchasing of hard copy documents, submitting hard copy bids, tender opening) 	Co-ordination and partnerships occur	Savings in staff time is offset by increased time to build and upload documents in the E-Bidding system. Staff have also been tasked with new responsibilities supporting other initiatives and priorities, including E-bidding support.
Asset Management/ Facilities Contracted Services Review (Q1 - Q2 2018)	Opportunity to reduce cost by reviewing and rationalizing the use of contracted services. Inefficient use of contracted services results in overestimated budget requirements	<ul style="list-style-type: none"> • More efficient use of contracted resources to minimize the budget requirements for facilities 	<ul style="list-style-type: none"> • The 2019 budget includes \$333K in cost reductions for contracted services for office facility operations and maintenance 	The Region of Peel is a well-managed government	Services include Headquarters Security and Maintenance.

**APPENDIX II
CONTINUOUS IMPROVEMENT PROGRAM UPDATE**

Service/ Initiative Name	Business Issue being Addressed	Benefits Target	Benefits Realized	Connection to Strategic Plan Outcomes	Comments
Workforce/ Salary Continuance (Q4 2017 – Q3 2018)	Staff on leave for short term disability experience pay interruptions.	<ul style="list-style-type: none"> • Reduced number of grievances • Reduced number of manual cheques and off-cycle deposits 	<ul style="list-style-type: none"> • Savings of just over 700 hours in staff effort, resulting in cost avoidance of \$39K 	The Region of Peel is a model and progressive employer	