



City of
Peterborough

To: Members of the Finance Committee

From: Sheldon Laidman, Commissioner of Community Services

Meeting Date: December 9, 2019

Subject: Report CSD19-018
Social Services Division Review

Purpose

A report to inform Council of the results of the Social Service Division Review undertaken by KPMG. Representatives from KPMG will attend the December 9, 2019 Finance Committee meeting to present the Social Service Division Review findings.

Recommendations

That Council approve the recommendations outlined in Report CSD19-018 dated December 9, 2019, of the Commissioner of Community Services, as follows:

- a) That the KPMG presentation be received for information;
- b) That staff be directed to provide an implementation plan in 2020 recommending measures to implement the Process-focused strategies identified in the Social Service Division Review; and
- c) That the Service-focused strategies, beyond those included in the Draft 2020 Budget, be given consideration and be brought back to Council through either future staff reports or as part of the annual budget process.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

However, some of the identified cost savings have been reflected in the Draft 2020 Budget. In particular, a \$100,000 reduction in social assistance discretionary benefits is included in the Social Assistance Budget, and a \$169,884 net reduction in directly operated child care program funding is included in the Children's Services Draft Budget. This \$169,884 net reduction in the directly operated child care program reflects one-half year's savings and assumes a June 26, 2020 discontinuation of this program with six months of operating costs still included in the 2020 budget.

This review was funded through the Provincial Audit and Accountability Fund. The City received \$150,000 in funding with the full consultant costs being \$152,640. The \$2,640 balance was funded from the Social Services Reserve. This transfer was reported to Council through Report CLSFS19-040, dated September 9, 2019 (June Quarterly Financial Report).

Background

This report is being presented to Finance Committee at this time to provide additional information to support some of the changes that have been included in the 2020 Budget which is also being presented on December 9, 2019.

The Audit and Accountability Fund was introduced to assist municipalities in reviewing municipal expenditures to find efficiencies. As directed by Council through Report CAO19-006 dated June 24, 2019, on June 30, 2019 staff submitted an Expression of Interest to the Ministry of Municipal Affairs and Housing for funding under the 'review of administrative processes to reduce costs' stream to review the Social Services Division given the recent and future expected changes to the Division's areas of responsibility and the provincial funding related to these programs.

The City was successful in receiving \$150,000 in funding to nearly cover the full consultant cost of \$152,640. KPMG was retained by the City to conduct the review which is included as Appendix A. As part of the funding conditions, the City must publicly post the review findings on the City's website and provide a copy to the Province.

The overall objective of the review was to determine how best for the City to deliver social services within the current funding envelope provided. It should be emphasized that this is a financial review of social services programming and does not include analysis or consideration of impacts on clients stemming from these recommendations or corresponding financial impact on other City divisions' budgets.

KPMG's review included:

- An assessment of the Division's services from the perspective of (i) the rationale for the City's involvement; and (ii) the City's current service levels;

- A comparison of selected financial indicators to comparable service managers; and
- Process mapping of selected Division processes, the purpose of which was to identify opportunities for operational efficiencies and enhancements.

Key Findings

The review identified the following four key themes with respect to the Division's process and services:

- The City has a higher rate of utilization of social assistance compared to other similar sized service managers. Costs and staffing may be higher due to this higher level of demand;
- While the majority of the Division's services are mandatory in nature, there are services that are discretionary and could be eliminated as a means of reducing the overall municipal levy;
- The City's current service level exceeds the minimum or standard service level requirement in certain instances; and
- In general, the City's financial indicators compare favourably to other service managers. Where financial indicators indicate a higher cost or levy requirement, these are typically related to areas with discretionary funding or service levels that are higher than standard.

KPMG has identified between \$4.9 and \$5.3 million in potential annual cost savings which represents between 5.6% and 6.0% of the Division's total operating budget with a corresponding approximate reduction to the County levy of \$513,000 and to the City levy of \$1,570,000. KPMG identifies two potential categories of action to achieve these savings. The first are Service-focused Strategies which involve an assessment of the City's involvement in the delivery of services that are either (1) discretionary; or (2) operated at a service level that is above standard. Elimination of discretionary services and service level exceedances could result in \$1,420,000 in annual City levy savings. Major cost areas identified for savings include directly operated child care centres (\$358,000), non-mandatory services for low income households (\$118,000), discretionary benefits (\$703,000), and service level exceedance of social housing (\$242,000). The 2020 Draft Budget includes savings related to two of the above items. Six months of savings representing \$240,963 total municipal savings or \$169,884 in City savings for the discontinuation of directly operated child care centres through the Children's Services budget and \$100,000 in discretionary benefits through the Social Assistance budget.

The second category of action is Process-focused Strategies which involve initiatives related to addressing inefficiencies. It is estimated these initiatives could result in

potential annual cost saving of between \$250,000 and \$600,000 per year. Assuming a mid-point savings of \$425,000, the corresponding reduction to the County levy is approximately \$25,000 and to the City levy is approximately \$150,000 per year. The priorities identified include the digitization of social services records for better document management, modifying standard operating procedures and increased staff training to reduce process duplication, and reducing the extent of preventable errors through root cause analysis.

Next Steps

Staff intend to report back to Council in 2020 on the steps required to implement the Process-focused strategies contained in the review. This will need to be completed along with consideration of other major structural changes to social services including the elimination of employment services in the Ontario Works program in fall of 2020 and with regard to major Provincial funding changes such as Children's Services in 2021 and 2022.

The Service-focused Strategies will be considered as part of future staff reports or budget preparations.

Due to the schedule of the Joint Services Steering Committee (JSSC) compared to the completion of this report and Provincial deadline for the report to become public, the report will be provided to the JSSC in February 2020.

Submitted by,

Sheldon Laidman,
Commissioner of Community Services

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Attachment:

Appendix A – City of Peterborough -Social Services Division Review, December 2, 2019

Appendix B – KPMG Council Presentation – City of Peterborough -Social Services Division Review