



CORPORATE SERVICES Staff Report

REPORT NO: COR-2025-26

TO: Council

SUBMITTED BY: Greg Clark, Director of Corporate Services/CFO

PREPARED BY: Greg Clark, Director of Corporate Services/CFO

REVIEWED BY: Harold O'Krafka, Acting Chief Administrative Officer

DATE: June 23, 2025

SUBJECT: Lean Government - Update

RECOMMENDATION:

THAT Report COR-2025-26 be received for information, and

THAT a budget of \$100,000 be approved for the procurement of a consultant to carry out a Service Delivery Review of the organization. Funding for the project be approved from the Operating Contingency Reserve (#6104), and

THAT an RFP for a Service Delivery Review be prepared and posted, based on the sample scope of work in Attachment 2.

SUMMARY:

- Lean Government is the application of Lean Six Sigma principles within the government framework.
- The first step in achieving Lean benefits is a Service Delivery Review, which is typically carried out by an external consultant.

BACKGROUND:

At the Regular Council Meeting of February 24, 2025 Councillor L. Dunstall put forward the following Notice of Motion, which was supported by Council.

WHEREAS Lean Government adapts manufacturing principles to public sector processes, focusing on efficiency, waste reduction, and service improvement through streamlined workflows and continuous improvement; and,

WHEREAS Municipalities such as Toronto, Mississauga, Hamilton, and Peterborough have adopted these methodologies to optimize operations; and,

WHEREAS the adoption of Lean Government principles brings about several notable benefits:

- *Increased Efficiency: Streamlines operations, saving time and resources.*
- *Cost Savings: Reduces costs by eliminating waste without compromising service quality.*
- *Improved Service Delivery: Enhances responsiveness and reliability of public services.*
- *Employee Engagement: Boosts morale by involving staff in decision-making and problem-solving to promote continuous improvement*
- *Improved Permitting Processes: Reducing the time, it takes to issue building or business permits by eliminating unnecessary steps and standardizing workflows.*
- *Efficient Budgeting: Implementing Lean principles to create more transparent and efficient municipal budgets.*

NOW THEREFORE BE IT RESOLVED

THAT Council directs Staff to report back at the June Committee of the Whole Meeting with more information on the Lean Government Program.

REPORT:

The principles of Lean Six Sigma help to transform organizations by optimizing processes, enhancing service delivery and ultimately reducing costs. When applied to a government organization they have taken the name Lean Government.

When applied to government Six Sigma can provide the following benefits:

- **Cost Savings:** By eliminating waste and reducing process variation, governments can significantly cut costs while maintaining or even improving service quality.
- **Enhanced Service Delivery:** Lean Six Sigma leads to more efficient processes, shorter wait times, and reduced errors, resulting in better services for citizens.
- **Transparency and Accountability:** Lean government initiatives promote transparency and accountability in government operations, enhancing public trust.
- **Employee Engagement:** Engaging employees in process improvement initiatives can boost morale and empower staff to contribute to positive change within their agencies.
- **Data-Driven Decision-Making:** The use of data and analytics in Lean Six Sigma projects ensures that decisions are based on evidence rather than intuition.

To achieve these benefits there are several tools that can be used, which require knowledge of their application and capacity to use and implement the outcomes that they provide.

Implementing Lean Government usually starts with a Service Delivery Review, conducted by a third party which helps to identify the areas that would have the largest impact by implementing lean six sigma principles.

Staff are supportive of moving the Corporation in this direction, a culture of continuous improvement is being developed, as well as work to improve cooperation among departments and improved communication within the organization are all foundational to enabling Lean Six Sigma to take root.

There are challenges to implementing Lean Six Sigma in any organization, and within the Township the most significant of those are:

Resource Constraints – the Township currently lacks the necessary resources, both in terms of funding and personnel, to dedicate to Lean Six Sigma projects. In addition, the expertise to manage projects and carry out the necessary work does not exist within the organization. Investment in training and development to build internal capabilities is necessary.

Data Availability and Quality – the Townships current IT systems which process the majority of data are antiquated and are in the beginning stages of being updated. Existing data is limited in scope and poorly organized.

Previous Lean Reviews

As part of a Waterloo Region wide review of Official Plan and Zoning Bylaw Amendments Application Process in 2020, the Townships planning department completed a Lean Sigma current state review and analysis using the DMAIC (Define, Measure, Analyze, Improve, Control) framework. The report from LeadingEdge Group is attached as Attachment 1. The report identified that the Townships Planning team was already performing better than our colleagues in most areas and our total processing time was the lowest and the only one within the legislated timelines. The report also suggested areas for improvement, primarily for the City's but also applicable to our team as they look to improve.

Progress

One of the primary areas for improvement is the Townships current financial system, which forms the backbone of the Enterprise Resource Planning (ERP) system. Currently the Township uses Keystone to manage its financial transactions, including accounts payable, accounts receivable, property tax and utility billing and overall general ledger. It is not integrated with any of the Townships other systems which are used for asset management, building permitting, recreation program registration and others. Development of an integrated ERP system is set to begin in June when the ERP Project Manager starts, they will lead a two-year process that will evaluate current IT systems, staff processes and workflows to develop a long-term strategy to improve operational performance and reporting.

Service Delivery Review

A Service Delivery Review is a systematic process used by municipalities to evaluate how they provide services to their residents. It aims to identify areas for improvement, enhance efficiency, and ensure services are delivered effectively and sustainably. This review process often involves examining current practices, assessing service levels, and exploring alternative delivery models.

Key aspects of a Municipal Service Delivery Review:

- **Systematic Evaluation:**

It involves a structured approach to assess various municipal services, considering factors like cost, effectiveness, and community needs.

- **Identifying Areas for Improvement:**

The review helps pinpoint inefficiencies, redundancies, and opportunities to streamline service delivery.

- **Exploring Alternative Models:**

It examines different ways to deliver services, such as outsourcing, public-private partnerships, or leveraging technology, to find the most suitable approach.

- **Informed Decision-Making:**

The findings from the review provide valuable information for municipal councils and staff to make strategic decisions about service delivery, resource allocation, and future planning.

- **Focus on Efficiency and Effectiveness:**

The goal is to optimize service delivery, ensuring residents receive the services they need in a cost-effective and timely manner.

Examples of services that may be reviewed:

- Road maintenance
- Water and wastewater services
- Recreation and parks
- Emergency services

Benefits of a Service Delivery Review:

- **Cost savings:**

Identifying efficiencies can lead to reduced expenditures.

- **Improved service quality:**

Reviewing processes can lead to better service outcomes and increased citizen satisfaction.

- **Enhanced accountability:**

The review process can improve transparency and accountability in municipal operations.

- **Informed decision-making:**

Councils and staff can make more informed choices about resource allocation and service priorities.

- **Sustainable service delivery:**

The review can help ensure services are delivered in a sustainable manner, both financially and environmentally.

If Council would like this type of review to be completed, a consultant who has the expertise and capacity to carry out this work will need to be engaged. The budget amount is an upset limit, the actual budget will depend on the scope of work requested through an RFP process. Direction from Council as to the scope of the review is required in order to ensure it meets Council's expectations. A sample scope of work is included as Attachment 2.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

Financial Stability

FINANCIAL CONSIDERATIONS:

Approval of the \$100,000 budget amount would enable the Township to engage a consultant to carry out a SDR once the new CAO is on board. A typical SDR will take 3 to 6 months to complete depending on the depth and breadth of the review. The cost of the work is also dependent on whether it is corporate wide or focused on a few services, and to what depth the review is carried out.

ATTACHMENTS:

Attachment 1 – LeadingEdge Group: Official Plan and Zoning Bylaw Amendments Application Process Lean Sigma Project Current State Report

Attachment 2 – Sample scope of work for Service Delivery Review