

Service Delivery Project Phase 1 Report

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Executive Summary

The Service Delivery Project Committee appreciates the work of the many district representatives who shared their time and expertise with the project. It is important for the sector to continue to look for more effective ways to do our business in order to better serve our students and support their learning. The K-12 education system faces continued fiscal challenges where the cost of maintaining services outweighs revenue sources. As districts adjust to maintain balanced budgets, it is clear that the sector needs to continue to look for efficiencies, some of which can be accomplished by no longer supporting 60 different solutions for our business and support functions. There are many examples of districts working together and it is hoped that this report can further those opportunities.

The Committee supports the recommendations and next step plans from the Working Groups, which can be summarized as:

1. Establishment of a Labour Litigation Risk Pool with continued labour relations advice and coordination through BCPSEA
2. Establishment of a Shared Procurement Entity
3. Implementation of an upgrade to the Provincial Learning Network and continued discussion on a common IT and Communications vision for the province
4. Support of pilot districts willing to develop common policies and procedures for attendance and wellness.

The Committee established the following considerations or parameters for this phase of the project. The Committee recommends that any future phase of the project utilize the same considerations.

- The result of any changes should be an improved K-12 education system
- Recommendations should build on good practices that exist in the sector, or are well researched and in practice elsewhere
- Solutions should recognize the differences in geography and communities across the province, which may result in differing solutions
- Recommendations should consider other sectors and agencies that work in concert to support students (Health, Social Services, Post Secondary, etc.)
- Recommendations should look to find maximum benefits for initial investment and ongoing expenditures
- Recommendations should be achievable and manageable with risks identified and assessed
- Results should be able to be reported in a transparent and accountable manner

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- Recommendations should consider local relationships with communities and employee groups.

The Committee discussed further phases of this work and provides the following advice for continuing this work:

1. Recognition that many of the options provided in this report will need initial investment in order to realize the efficiency savings and a return on investment. Implementation should include a plan for funding these costs taking into account:
 - a. School districts have limited local capital or operating reserves to finance any start-up costs
 - b. The current Ministry of Education operating budget does not include implementation costs
 - c. Current fiscal pressures do not provide for long-term planning and implementation
 - d. Ministry of Education approval is needed for other capital expenditures to be utilized to finance implementation plans
2. Phase 1 of the project has recommended viable options to work together in the sector to obtain savings, and implementation should be considered in any future phase of the project recognizing:
 - a. There is an increased awareness of the costs and benefits of each opportunity
 - b. Implementation strategies need to be offered to school districts with clearly identified operational plans for implementation and the required ongoing operational support
 - c. Communications need to be timely and support implementation decisions
 - d. Savings coming from the implementation of the options need to be documented and reinvested in individual school districts. This will provide a clear incentive for districts to make the necessary and sometimes difficult decisions in order to participate.
3. In any implementation, recognition should be given to the ability to garner savings from an opportunity which differs by district depending upon the starting positions of individual districts.
4. Further initiatives should include:
 - a. Evaluation of the opportunity and viable savings and consultation with the sector to determine workable solutions
 - b. Review of the estimated savings to ensure they are not double counted with current district and phase 1 initiatives
 - c. Engagement with the sector through participation on steering committees, working groups, continued newsletters and presentations at conferences.
5. Obtaining benefits from service delivery initiatives takes time to adapt cultures and working processes and needs to take into account:

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- a. capacity of the sector and succession risks
- b. fiscal realities
- c. current collective agreements and relationships
- d. other contractual commitments by individual districts
- e. geographic and diversification differences across the province
- f. local district policies and procedures
- g. community expectations
- h. responsibilities of Boards of Education

It is clear that engagement of the sector in evaluating the Phase 1 opportunities determined viable solutions for BC that may differ from solutions in other jurisdictions.

The Committee supports the continued consultative and cooperative working relationships on this project and recommends that this continue and expand as appropriate in any future phase.

Purpose and Terms of Reference

In 2012, a report was provided by Deloitte & Touche LLP entitled Service Delivery Transformation, which identified potential opportunities to reduce overhead costs, look for efficiencies and find savings through collaboration and alternate service delivery in the public education sector. In follow up to the report, the Ministry of Education supported a Service Delivery Project and contracted a project lead to support the sector in this work. The Ministry of Education announced that the focus of Phase 1 would be on items where there are reasonable prospects for collaboration with school districts, and where savings could be generated in the near term. The project focused on 14 opportunities. In addition, there are a number of other initiatives, either currently working successfully in school districts or that arose from the work of the Committee, which was considered. The Minister of Education, in his letter of August 24, 2012, outlined that savings from these initiatives will be reinvested into the public education sector. The Service Delivery Project Committee (SDPC) is the lead committee and a number of working groups were established to provide technical advice to the Committee.

Five working groups were constituted to do the detailed technical work; they were Procurement, Legal Services, HR/Payroll, Attendance Support, Wellness and Occupational Safety, and Information and Communication Services.

The overall goal of this project was to identify options and strategies that coordinate services and reduce costs. The work included operational plans for implementation and draft business cases to assist in decision making.

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Most importantly, in Phase 1, these options were to be offered to school districts. It was to be up to individual school districts to decide whether to participate after reviewing the business case for their particular district.

The Service Delivery Project Committee terms of reference included the following purpose and responsibilities:

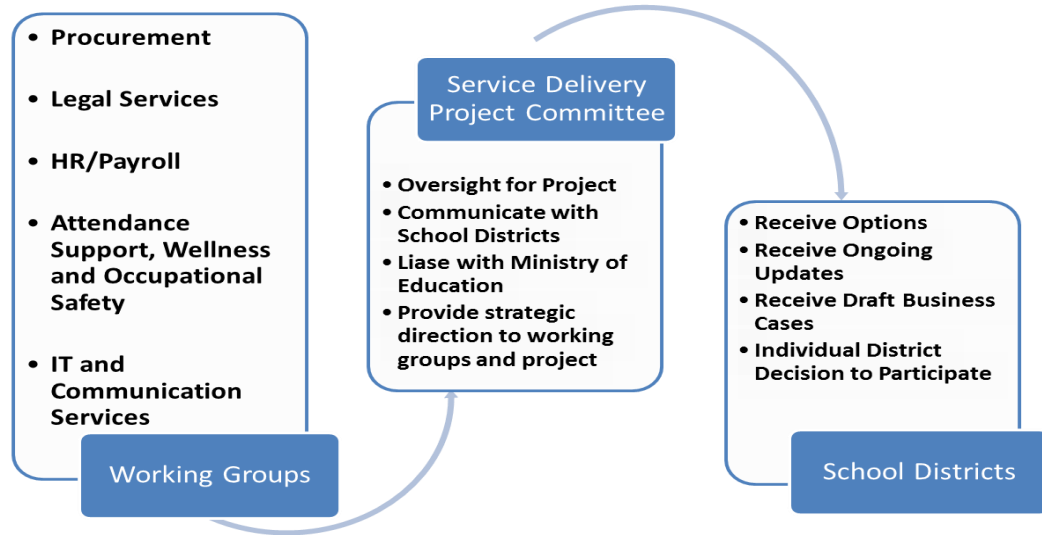
The Service Delivery Project Committee represented the operations of school districts and the purpose of the committee is to work with the Ministry and school districts to ensure workable opportunities for participation by all school districts in the province.

The Service Delivery Project Committee undertook the following:

- Finalize and approve a project plan that defines the goals and objectives for each opportunity
- Provide advice on the working group structure and the membership and team lead for each
- Provide direction to each working group on the business case, budget, implementation plan and timeline for completion
- Assist the Project Lead in developing the project plan, including roles and responsibilities, engagement and communications, key activities and deliverables, issues and constraints, resource requirements
- Provide direction on the ongoing governance structure for each opportunity, including how savings would be distributed and how ongoing reinvestment and initial start-up costs would be funded
- Provide regular updates to school districts on the progress of the project.

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- Provide strong leadership for participation by districts.



Membership

- Greg Frank, Chair, Secretary-Treasurer, School District No. 41 (Burnaby)
- Renate Butterfield/Jennifer McCrea/Jill Kot, Assistant Deputy Minister, Services and Technology Division, Ministry of Education
- Steve Cardwell, Superintendent, School District No. 39 (Vancouver)
- Patti Dundas, Assistant Secretary-Treasurer, School District No. 36 (Surrey)
- Dave Duerksen/Kim Abbott, Director Funding and Allocation, Ministry of Education
- Sherry Elwood, Superintendent, School District No. 71 (Comox Valley)
- Keith Miller/Doug Stewart/Deborah Fayad, Assistant Deputy Minister, Resource Management Division, Ministry of Education
- Allan Reed, Secretary Treasurer, School District No. 57 (Prince George)
- Chris Van der Mark, Superintendent, School District No. 54 (Bulkley Valley)
- Joan Axford, Project Lead, Service Delivery Project

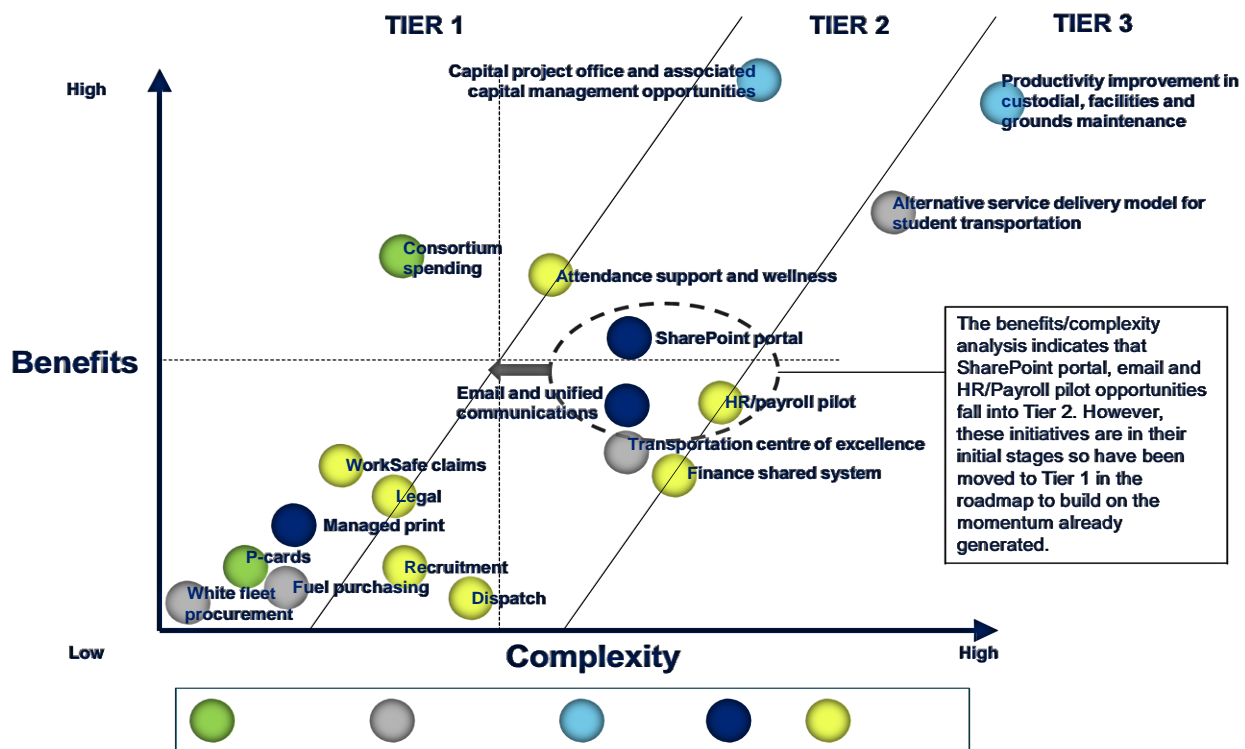
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Background

Deloitte Report

In 2012, a report was provided by Deloitte & Touche LLP entitled *Service Delivery Transformation* which identified potential opportunities to reduce overhead costs, look for efficiencies and find savings through collaboration and alternate service delivery in the public education sector. The report outlined three tiers of implementation based on complexity and benefits as depicted in the following chart:

The implementation should happen in waves based on size of benefit and level of complexity



14 Service Delivery Transformation - Final Report

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Current Project Scope

The Ministry of Education announced that the focus will be on items where there are reasonable prospects for collaboration with school districts and where savings can be generated in the near term. In addition, there are a number of other initiatives, either currently working successfully in school districts or that may arise from the work of the Committee, which will be considered. The Minister of Education, in his letter of August 24, 2012, outlined that savings from these initiatives will be reinvested into the public education sector. The Service Delivery Project considered 14 opportunities from the report through a structure of project committee and working groups. Those opportunities are in red in the following chart:

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Functional Area	Shared Service Opportunity
Procurement	P-cards Strategic Sourcing (including fuel purchasing)
Transportation	Student Transportation Delivery White Fleet Procurement Transportation Centre of Excellence (CoE)
Facilities Management	Facilities Management (including custodial services) Energy Management
Capital Management	School Design P3 Models Capital Planning CoE (including Project Bundling)
Information Technology	Printers and Multi-functional Devices (MFDs) Email and Unified Communications SharePoint
Human Resources	HR/Payroll System Attendance Support, Wellness and Occupational Health and Safety Worksafe Claims Management Recruitment Dispatch
Finance	Financial Management System
Legal	Legal Services

Project Constraints

1. There is recognition that many of the options provided will require initial investment in order to realize the efficiency savings and a return on investment. This will be determined through the business case preparation of each group.
2. School districts have limited local capital or operating reserves to finance any start-up costs.
3. Ministry of Education approval is needed for other capital expenditures to be utilized to finance implementation plans
4. The current Ministry of Education budget does not include implementation costs.

Deliverables

1. Service Delivery options and strategies are offered to schools districts with clearly identified operational plans for implementation and the required ongoing operational support.
2. There is an increased awareness of the costs and benefits of each opportunity, as demonstrated by implementation of the options in a number of school districts.
3. Communications have been timely and have supported implementation decisions.

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4. Savings of implemented options are documented and reinvestment options clearly outlined.

Engagement with the Sector

Over the course of the Project, there was considerable engagement with school districts and their officials. This should continue in any future phase. The following is a list of the engagement activities:

Date	Descriptions	Audience
August 2012	Letter from Minister Abbott (Appendix A)	Boards of Education
	Keith Miller letter	
February 13, 2013	Letter seeking participation in Groups	BCSSA and BCASBO members
January 2013	Survey of Districts for Information for Project	BCASBO members
January 2013	Presentation at BCPSEA AGM	Trustees and District officials
February 2013	Article in BCASBO Newsletter	BCASBO members
April 2013	Conference Call with Kootenay Zone about Project	Superintendents and Secretary-Treasurers
May 2013	Newsletter #1	Boards and School District Officials
May 15 to 17, 2013	BCASBO AGM-Plenary and Workshop sessions	BCASBO members
August 14-16, 2013	BCSSA Leadership Conference	BCSSA members
September 4, 2013	Newsletter # 2	Boards and School District Officials
September 2013	Article in BCASBO Newsletter	BCASBO members
September 6, 2013	BCSTA Task Force	BCSTA members
October 25, 2013	BCSTA Provincial Council	BCSTA members
November 7, 2013	IT and Communications Webinar	District Officials
November 14, 15, 2013	BCASBO Fall Conference – Plenary and Workshops	BCASBO members
December 10, 2013	Newsletter # 3	Boards and School District Officials
January 24, 2014	Presentation at BCPSEA AGM	Trustees and School District Officials
January 30, 2014	Issue Legal Services Report, Executive Summary and Cover Letter	Boards and School District Officials
February 25, 2014	Issue Procurement Report, Executive Summary and Cover Letter	Boards and School District Officials
February 2014	Newsletter # 4	Boards and School District Officials
March 7, 2014	Presentation to Okanagan	Trustees

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	Branch of BCSTA	
April 27, 2014	Issue Attendance Support and Wellness Report, Executive Summary and Cover Letter	Boards and School District Officials
April 14, 2014	Follow up letter from Project Committee requesting feedback on reports issued to date	Superintendents and Secretary-Treasurers
May 21 to 23, 2014	BCASBO AGM-Plenary and Workshop sessions	BCASBO members
June 2014	Newsletter # 5	Boards and School District Officials
August 14 to 15, 2014	BCSSA Leadership Conference	BCSSA members

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Summary of Project Plan and Accomplishments

Description	Goals and Objectives	Deliverables	Project Completion	Savings Offered or Forecasted
Procurement	Provide advice on the feasibility of the procurement opportunities listed in the Deloitte report and others as considered by the group. Review how other initiatives, such as ERAC and EDCO, provide services to assist these opportunities. Investigate how government wide procurement initiatives are available to school districts	Procurement opportunities offered as available Procurement Delivery options and strategies are offered to schools districts with provision of clear operational plans for implementation and a draft business case to assist in decision making	<ul style="list-style-type: none"> • Working Group report issued on February 25, 2014 • Business Case outlined that greatest savings are garnered when the entire province's volumes are used to procure the best price • Recommended option is to create a legal entity that provides procurement services and incorporates the services currently provided by ERAC • Implementation Plan: <ul style="list-style-type: none"> • Technical Task Force-to establish the operating procedures and legal structure • Consultation with school districts • Establishment of Advisory Committees to determine common standards for goods and services • Expected implementation by March, 2015 	<ul style="list-style-type: none"> • Savings implemented during the project: <ol style="list-style-type: none"> 1. Purchasing Cards - \$600,000 2. Vehicle Purchase - \$130,000 3. Telus Voice Services - \$1.8 million 4. Provincial banking - \$3.7 million • Estimated annual savings with full implementation of legal procurement entity and standardized provincial products and services by year 3 of \$5 million

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Description	Goals and Objectives	Deliverables	Project Completion	Savings Offered or Forecasted
Legal Services	<ul style="list-style-type: none"> Review all forms of legal services retained by school districts or provided to school districts by other organizations Provide options for the provision of legal services and implementation plans for school districts to consider 	Legal Services options and strategies are offered to schools districts with clear operational plans for implementation	<ul style="list-style-type: none"> Issued report on February 16, 2014 Business case outlined that savings could be made in coordinated labour litigation Recommended option to implement a Labour Litigation Risk Pool under the Risk Management Branch Implementation Plan: consultation with Boards and district staff consideration of Risk Management Branch requirements BCPSEA agreement to be the contracted experts technical work on the establishment and functioning of the pool as well as the funding of the pool Implementation by April, 2015 	<ul style="list-style-type: none"> Estimated savings in litigation was \$1.3 million with costs of operating the pool set at \$300,000. It is expected that there will be greater savings in the cost of outcomes of labour disputes
HR/Payroll and integrated business systems	Provide input to the VBE pilot so any resulting system is applicable to more than one district. Consider the advantages and disadvantages of implementation of common or regionalized HR/Payroll and integrated business systems	<ul style="list-style-type: none"> Provide a business case, options with advantages and disadvantages and governance structure for a common or regionalized HR/Payroll system 	<ul style="list-style-type: none"> VBE Pilot is proceeding in partnership with the Public Service Agency and Telus Sourcing Solutions Other school districts are providing advice so that a standard product could be available to others Group will provide a report to assist in determining the advantages and disadvantages in common systems 	<ul style="list-style-type: none"> No savings from the pilot have been determined VBE will implement by March 2015

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Description	Purpose	Deliverables	Project Completion	Savings Offered or Forecasted
Attendance support, Wellness and Occupational Safety	Provide advice on policies, procedures and programs and data requirements to improve employee wellness and occupational safety for consideration by school districts.	Attendance Support, Wellness and Occupational Safety options and strategies are offered to schools districts with clear operational plans for implementation, draft policies and procedures and a draft business plan to be used to evaluate participation	<ul style="list-style-type: none"> • Report issued in May, 2014 • Provided recommendations on principles to build common policies and procedures and recommended attendance support programs to use as examples • Recommended pilot districts undertake this work with the assistance of the project 	<ul style="list-style-type: none"> • Estimated savings in replacement staff costs of \$35 million if operating at the national average sick leave rate <p>There is a cost of establishing appropriate data collection and providing shared expertise to operate the program</p>
IT and Communication Services	Evaluate and determine the viability of implementation of shared services, such as e-mail, document management, backup and recovery and common architecture in school districts	Information and Communication Services options and strategies are offered to school districts with clear operational plans for implementation	<p>Group draft report recommends that that sector work together on a common vision for technology in the sector, and each district would develop its plans to work toward the provincial vision.</p> <p>Group advised on the design and costing of upgraded Provincial Learning Network, which is required to implement the other opportunities of print management, common e-mail</p>	Estimated significant long term savings once network is fully implemented in 3 years

Next Steps

1. Implementation of the Labour Litigation Risk Pool by April 2015
 - a. Technical Group will determine:
 - i. Operating Procedures between Ministry of Finance and BCPSEA

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- ii. Operating Procedures between districts and BCPSEA
 - iii. Updating of data base system to track issues and costs
 - iv. Updating the RFP to include legal counsel used by Boards for labour litigation
- b. Section 84 of the *School Act* authorizes all school districts to belong to the pool
- c. Collection of information from districts to determine premium rates for future years
- 2. HR/Payroll and Business Systems Working Group
 - a. Implement PeopleSoft HR/Payroll in Vancouver by March 2015
 - b. Work with four school district representatives to implement as “standardized” a product as possible
 - c. Monitoring of implementation and any issues that would affect other district implementation
 - d. Liaison with BCPSA
 - e. Provide a report on the People Soft implementation and the use of common systems for the sector
- 3. Implementation of a legal shared Procurement Entity by January, 2015
 - a. Establishment of new legal entity that allows incorporation of the services of ERAC
 - b. Establishment of governance structure, organization and operating procedures of new entity
 - c. Establishment of Advisory Committees to set standard product and service parameters for common procurement
- 4. Attendance Support, Wellness and Occupational Health and Safety Working Group
 - a. Support district pilots in the development of common policies and procedures
 - b. Support the pilots in working with BCTF and CUPE unions
 - c. Evaluate the data districts currently collect to support attendance and the ability of EDAS to collect for the province
 - d. Communicate work with other districts
- 5. IT and Communications
 - a. Support the implementation of the provincial network upgrade
 - b. Develop a plan to consult and develop a common IT and Communications vision for the sector
 - c. Evaluate the use of the network to support document management, common e-mail and shared sites

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Considerations

The Committee appreciated the work of the five working groups to review, evaluate and consider the opportunities provided. Their reports are detailed and well considered. Their work is important to the sector as we continue to look for new efficient and effective ways to do our work in a fiscally constrained environment.

In all service delivery initiatives it is important to consider upfront investment needs and any changes in ongoing operating costs and the desire for integration of collective bargaining, policy and practice to successfully implement these initiatives.

It is clear that engagement of the sector in evaluating these opportunities determined viable solutions for BC that may differ from solutions in other jurisdictions.

Considerations for Service Delivery/Shared Services initiatives from this phase and any future phase of the Project:

1. Recognition that many of the options provided in this report will need initial investment in order to realize the efficiency savings and a return on investment. Implementation should include a plan for funding these costs taking into account:
 - a. School districts have limited local capital or operating reserves to finance any start-up costs
 - b. The current Ministry of Education operating budget does not include implementation costs
 - c. Current fiscal pressures do not provide for long term planning and implementation
 - d. Ministry of Education approval is needed for other capital expenditures to be utilized to finance implementation plans.
2. Phase 1 of the project has recommended viable options to work together in the sector to obtain savings and implementation should be considered in any future phase of the project recognizing:
 - a. There is an increased awareness of the costs and benefits of each opportunity
 - b. Implementation strategies need to be offered to schools districts with clearly identified operational plans for implementation and the required ongoing operational support
 - c. Savings of implemented options need to be documented and any reinvestment options clearly outlined
 - d. Communications need to be timely and support implementation decisions.
3. Consideration in implementation that the ability to garner savings from any opportunity differs by district depending upon the starting positions of individual districts.

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4. Further initiatives should include:
 - a. Evaluation of the opportunity and viable savings and consultation with the sector to determine workable solutions
 - b. Review of the estimated savings to ensure not double counted with current district and phase 1 initiatives
 - c. Engagement with the sector through participation on steering committees, working groups, continued newsletters and presentations at conferences.
5. Obtaining benefits from service delivery initiatives takes time to adapt cultures and working processes and needs to take into account:
 - a. capacity of the sector and succession risks
 - b. fiscal realities
 - c. current collective agreements and relationships
 - d. other contractual commitments by individual districts
 - e. geographic and diversification differences across the province
 - f. local district policies and procedures
 - g. community expectations
 - h. responsibilities of Boards of Education.

The Committee supports the continued consultative and cooperative working relationship with the Ministry of Education on this project and recommends that this continue in any future phase.

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Appendixes

Appendix A – Minister Abbott Letter

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August 27, 2012

Ref: 161907

To: All Board Chairs
All Boards of Education

The Government of BC, in Budget 2012, committed to working with school districts, health authorities and post-secondary institutions to reduce overhead costs, look for efficiencies and find savings through collaboration and shared services.

The Ministry of Education engaged Deloitte, one of Canada's leading professional service firms, to support this service delivery transformation project. Deloitte, and a consultative committee comprised of representatives from the Ministry, the Association of School Business Officials and a number of school district officials, researched and identified potential opportunities and delivered an assessment of likely costs, benefits and implications.

The opportunities presented ranged from relatively straight-forward to complex and challenging. Twenty-five of these opportunities were organized into three tiers, based on their respective complexity and length of time required for implementation. The Ministry intends to focus on only those items where there are reasonable prospects for collaboration with school districts and where savings can be generated in the near term. We are not interested in exploring major outsourcing or privatization of education support services. Therefore, after reviewing the report, the Ministry will be pursuing only the 14 Tier 1 opportunities (see attached list).

I am pleased to advise that the Deloitte report is now available on the Ministry's website at: http://www.bced.gov.bc.ca/deloitte_report_august_2012.pdf. I hope you will agree that the specified opportunities presented in this report will help your school districts build on the good progress that is already being made toward shared services.

Staff from the Ministry will contact your senior staff in the coming weeks to assess opportunities for collaboration. The Ministry looks forward to working with you and your officials to move these opportunities to the next stage. By working together, we can generate significant cost savings that can be redirected to students in the classroom.

Yours truly,

George Abbott
Minister

Attachment

pc: All Superintendents of Schools
All Secretary-Treasurers

Ministry of
Education

Office of the Minister

Mailing Address:
PO Box 9045 Stn Prov Govt
Victoria BC V8W 9E2

www.gov.bc.ca/bced

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Appendix B – Committee and Working Group Members

THANK YOU TO ALL THE MEMBERS OF OUR WORKING GROUPS AND PROJECT COMMITTEE – YOUR CONTRIBUTION HAS BEEN INVALUABLE TO THIS WORK

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Procurement Group

Mary Sluggett, Retired Purchasing Manager, School District No. 61 (Greater Victoria)

Graham Roberts, Assistant Secretary-Treasurer, School District No. 68 (Nanaimo-Ladysmith)

Lloyd Pendleton, Purchasing Manager, School District No. 23 (Central Okanagan)

Ian Wind, Manager of Purchasing and Administrative Services, School District No. 39 (Vancouver)

Duncan McLelland, Executive Director Procurement, Ministry of Technology, Innovation and Citizen Services

Stephen Smoroden, Manager, Facility Services, School District No. 37 (Delta)

Doug Gorcak, Director of Facilities, School District No. 67 (Okanagan Skaha)

Frank Marasco, Operations Manager, School District No. 83 (North Okanagan- Shuswap)

Lawrence Tarasoff, Superintendent of Schools, School District No. 84 (Vancouver Island West)

Legal Services Group

Judith Clark, Retired Legal Counsel, BC School Trustees Association

Kelly Thomson, Director Internal Audit and Risk Management, School District No. 36 (Surrey)

Russell Hoswill, Secretary-Treasurer, School District No. 71 (Comox Valley)

Audrey Ackah, Legal Counsel, BC School Trustees Association

Jennifer Duprey, Legal Counsel, BC Public School Employers' Association

Kim Oldham, Director Claims and Litigation Management, Risk Management Branch, Ministry of Finance

Teresa Downs, Superintendent of Education, School District No. 74 (Gold Trail)

HR/Payroll Group

Sheldon Lee, Director of Business Operations, School District No. 84 (Vancouver Island West) and School District No. 49 (Central Coast)

Gerry Slykhuis, Secretary-Treasurer, School District No. 33 (Chilliwack)

Dan Proden, Manager of Financial Services-Payroll, School District No. 43 (Coquitlam)

Lisa Landry, Director of Finance, School District No. 39 (Vancouver)

Kevin Godden, Superintendent of Schools, School District No. 34 (Abbotsford)

Ian Aaron, Director, School District Financial Reporting Branch, Ministry of Education

Attendance Support Group

Jennifer Canas, Assistant Superintendent Human Resources, School District No. 35 (Langley)

Maureen Carradice, Director of Human Resources, School District No. 33 (Chilliwack)

Patty Beatch, Employee Wellness Supervisor, School District No. 39 (Vancouver)

Sue Ferguson, Senior Labour Relations Consultant, BC Public Schools Employers' Association

Tom Longridge, Superintendent of Schools, School District No. 72 (Campbell River)

Hilary Brown, Executive Director Finance and Strategic Planning, BC Public Schools Employers' Association

IT and Communications Group

Brian Kuhn, Director of Technology/CIO, School District No. 39 (Vancouver)

Dan Turner, Director of Information Management Services, School District No. 36 (Surrey)

Dan Francisco, Manager of Information Technology, School District No. 67 (Okanagan Skaha)

Ray Velestuk, Secretary-Treasurer, School District No. 34 (Abbotsford)

Jon Rever, Director of Instruction, School District No. 23 (Central Okanagan)

Angus Wilson, Superintendent, School District No. 50 (Haida Gwaii)

James Shypitka, Education Sector, CIO, Ministry of Education

Eleanor Liddy, Director, Open School BC, Ministry of Education

Project Committee

Greg Frank, Secretary-Treasurer, School District No. 41 (Burnaby)

Renate Butterfield/Jennifer McCrea/Jill Kot, Assistant Deputy Minister, Business, Technology and Online Services, Ministry of Education

Steve Cardwell, Superintendent, School District No. 39 (Vancouver)

Patti Dundas, Assistant Secretary-Treasurer, School District No. 36 (Surrey)

Dave Duerksen/Kim Abbott, Director Funding Branch, Ministry of Education

Sherry Elwood, Superintendent, School District No. 71 (Comox Valley)

Keith Miller/Doug

Stewart/Deborah Fayad, Assistant Deputy Minister, Resource Management Division, Ministry of Education

Allan Reed, Secretary-Treasurer, School District No. 57 (Prince George)

Chris Van der Mark, Superintendent, School District No. 54 (Bulkley Valley)

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Appendix C - Status Reports from Working Groups

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Status Report – HR/Payroll and Business Systems Working Group

Background

In 2012, a report was provided by Deloitte & Touche LLP entitled Service Delivery Transformation, which identified potential opportunities to reduce overhead costs, look for efficiencies and find savings through collaboration and alternate service delivery in the public education sector. The Deloitte report recommended that a pilot of a Human Resource/Payroll system be undertaken to evaluate the opportunity for efficiencies. The Vancouver Board of Education (VBE) is working with the BC Public Service Agency and Telus Sourcing Solutions to implement the People Soft HR/Payroll system and upgrade their PeopleSoft Financial System (VBE Pilot). In addition, the report outlined opportunities for common financial and other business systems. The Service Delivery Project Committee (SDPC) requested that all systems that integrate with the HR/Payroll should be considered by this Working Group, such as financials, dispatch, recruitment, time sheet entry, absence tracking, etc. Upgrading to common systems requires a significant investment; therefore, the implementation should result in:

1. Less than 60 Solutions with upgraded system(s)
2. Improved efficiency and effectiveness of processes
3. Better information to employees and management
4. Access to improved comparable information
5. Reduction in “expert person” risk in sector
6. Reduction in manual processes
7. Systems that can handle the complexity of our collective agreements.

Current breakdown of system software for HR/Payroll and Finance systems in the K-12 sector is:

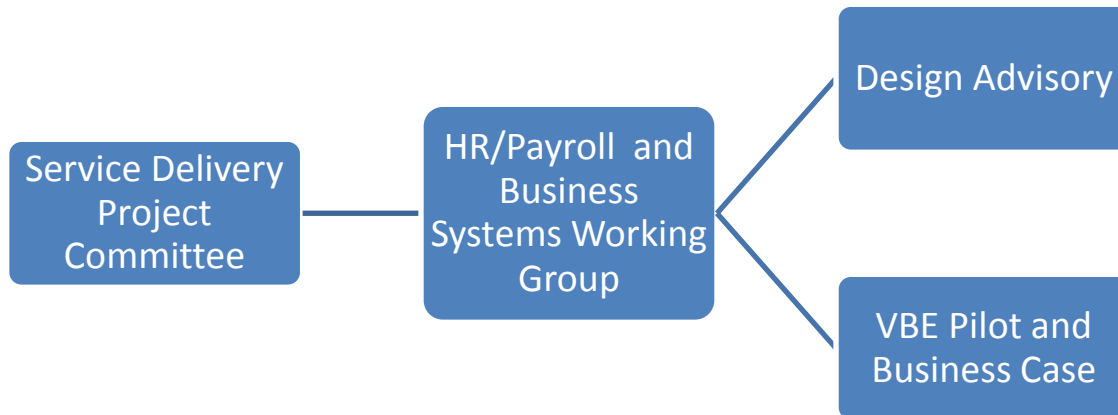
Vancouver Star Garden/People Soft			8,207 employees
31 districts	SDS		23,539 employees
24 districts	SRB		37,527 employees
3 districts	Take Two		6,424 employees
Richmond	Navision		2,042 employees

The VBE pilot has a project committee steering its work and a District Design Advisory Group was created to provide advice during the design and analysis stage on standardization of the

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HR/Payroll implementation, so that the implemented system in Vancouver could work for other school districts with limited customization.

This section of the project has the following advisory structure. Joan Axford, Project Lead, is the common participant in all committees and groups.



Purpose of the Groups

The purpose of the Human Resources/Payroll and Business Systems Working Group is to:

- ▶ Inventory the current and other software and systems that provide HR and payroll processing, financial and information management to the K-12 sector.
- ▶ Consider the advantages and disadvantages of common/ multi-tenant or district based software systems and procedures for the provision of HR/Payroll and integrated business systems.
- ▶ Utilize the VBE pilot to inform their work.
- ▶ Liaise with the Attendance Management group recommendations to ensure payroll and HR information is available from any options being considered.
- ▶ Consider the need for common information and respect the collective agreement differences across the province.

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The overall deliverables of HR/Payroll and Business Systems Working Group is:

1. Provide an options paper on the advantages and disadvantages of a common/multi-tenancy or regionalized HR/Payroll and integrated business systems.
2. Provide a draft business case document that other school districts can use to evaluate participation in common/multi-tenant HR/Payroll and integrated business systems solution.
3. Provide a draft governance structure for school district participation in common/ multi-tenant or regionalized HR/Payroll and integrated business systems.

The purpose of the District Design Advisory Group is:

Four school districts have agreed to participate with the project, Prince George, Victoria, Maple Ridge and Surrey, as part of a Design Advisory Group. They have already provided a lot of time to outline a vision for a HR/Payroll system and to provide detailed information on current systems and processes. The purpose of the Advisory Group is:

- Work in parallel to the pilot to advise on multi-tenant requirements of the system
- Provide advice on the key functions and data requirements of the system
- Provide advice on other systems or functions that require integration for a full scope solution for all districts
- Identify gaps in the Vancouver implementation in order to be applicable to other districts
- Advise how gaps or systems out of scope of the pilot implementation could be addressed.

The deliverables of the Design Advisory Group are:

1. Provide ongoing advice during the design and analysis stage of the project
2. Review and provide a report on the due diligence report for VBE
3. Provide adhoc advice to the configuration and development and testing cycle for VBE implementation and the lessons learned during the project for future implementations
4. Provide a final report that can be used to assess the implementation of a multi-tenant PeopleSoft solution for the public education sector, including fit of the software to school district business, applicability of business processes implemented in VBE to other school districts, and any gaps in scope and how these could be addressed.

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Membership of the Groups

HR/Payroll and Business Systems Working Group:

Joan Axford	Project Lead, Ministry of Education
Sheldon Lee	Director of Business Operations, School Districts No. 40, 49, 84
Dan Proden	Manager of Financial Services – Payroll, School District No. 43 (Coquitlam)
Lisa Landry	Director of Finance, School District No. 39 (Vancouver)
Ian Aaron	Director, School District Financial Reporting, Ministry of Education
Kevin Godden	Superintendent of Schools, School District No. 34 (Abbotsford)
Gerry Slykhuys	Secretary-Treasurer, School District No. 33 (Chilliwack)

District Advisory Group Membership:

Joan Axford	Project Lead for the Service Delivery Project
Lisa Landry	Director of Finance, School District No. 39 (Vancouver)
Chris Alderman	Manager of Staffing, School District No. 39 (Vancouver)
Barbara deStrake	Project Manager, HRIS/Payroll, School District No. 36 (Surrey)
Margaret Teyema	Payroll Manager, School District No. 42 (Maple Ridge-Pitt Meadows)
Angela Chung	Director of Human Resources, School District No. 42 (Maple Ridge-Pitt Meadows)
Susan Cahoon	Accountant/Payroll Supervisor, School District No. 57 (Prince George)
Debbie Leblanc	Manager, Payroll and Benefits, School District No. 61 (Greater Victoria)
Robyn London	HR Systems Supervisor, School District No. 61 (Greater Victoria)
Trish Watson	Project Manager, BC Public Service Agency
Phillip Lovell	Project Manager, Telus Sourcing Solutions

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Status of Work to Date

VBE Pilot:

The implementation of the Financial System upgrade and the HR/Payroll system are underway. The Project plan, analysis and design customization review stages are complete. The fit of the software system was 85% to the needs of VBE. The gaps identified were in areas where the K-12 sector is unique (10-month payroll, pension plans, seniority calculations, layoff and recall processes, EDAS reporting, TTOC pay for consecutive days, benefit entitlements for staff doing multiple jobs).

A target date for VBE to be processing live on both systems is January 1, 2015. The project is on time and on budget. The project is comprised of three components:

Planning 100% complete

- Project startup, meetings with stakeholders, representative school district discovery sessions, workshop planning.

Multi-Tenant Analyze and Design 90% complete

- Collaborative system design with consideration of other School District (SD) requirements
- Alignment of common business processes while allowing for collective agreement differences
- Fit Gap and Future State design workshops
- Confirmation of scope and timeline.

VBE Implementation 50% Complete

- Build, test, train, cutover VBE to Go –Live on PeopleSoft
- Build scalable province-wide solutions and repeatable on-boarding process
- Transition to TSSI hosting and application management.

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The Scope of the VBE implementation of PeopleSoft includes:



Human Resources

Workforce administration, POI and Contingent Workers, position management, multiple jobs, person profile (includes certifications and qualifications), labour relations (union seniority, grievances, disciplinary actions), health and safety data

Benefits

Benefit program and plan eligibility and enrollments, benefit rates, benefits data maintenance, automated event processing, leave plan accruals, pension service tracking and reporting



Payroll

Payroll Data Maintenance, Payroll Processing, Regulatory Reporting, Yearend Processing, integration/entry of hours data, GL integration



Self Service

eProfile – view/update biographical information

eDevelopment – ee and mgr view of profile information and training

ePay – view pay advice, view T4s, view/update Direct Deposit



Workflow, Reporting, Security

Workflow for notification of job changes and events to reduce paper flow

Delivered reporting tools for standard and ad hoc reporting

Role level security with dynamic assignment and LDAP

The business case for Vancouver was unique in that they were moving from Stargarden software and were already using PeopleSoft financials.

District Design Advisory Group

The Design Advisory was formed to provide advice during the Analysis and Design portion of the VBE pilot implementation. The group's work validated that most of the core HR Payroll processes in PeopleSoft are a fit for school district needs.

There are some common processes that all school districts undertake, although they may not currently be executed in the same way across all school districts. PeopleSoft will require customizations to meet these K-12 requirements. Those areas included:

- Seniority Calculations and Reporting

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- Wage Progression
- Teacher 12-month pay
- Paying Teachers Teaching on Call to scale
- Spring Staffing
- Pension Reporting
- Ministry of Education reporting

The Group also assisted VBE in looking at its business processes to make improvements when implementing a new system. The areas of change included:

- Segregation of duties (who will update the pay scales)
- Benefit administration between HR and Payroll
- Employee self-serve processes (moving away from paper based processes)
- Reduction in re-entry of data
- Improving employee understanding of their work and how it affects others and their processes
- Use of query reporting to check their work, rather than other lengthy manual or spreadsheet processes.

HR/Payroll and Business Systems Working Group

The Group has met several times to track progress on the VBE pilot and to discuss how to meet business needs into the future. Group discussions have centered on:

- a. Consideration of processing common or standardized software on servers at central or regionalized data centres, so that backup recovery risk was managed and IT expertise was available. This should save time in doing software updates, tax table updates, etc.
 - b. Consideration of the benefit of having larger enrolment districts (Vancouver/Surrey) process payrolls for smaller enrolment districts. The initial thoughts concluded that it would be beneficial if the larger districts were also doing the pension reporting, tax reporting, EDAS reporting, etc. for the smaller districts, so that those districts would need less local payroll expertise.
 - c. Have not concluded to date that the sector needs to move to one software vendor. There are advantages in having standardization of data information, so it can be comparable and easy for one district to do the work for others, but that can be accomplished with varied systems.
2. Options being considered when preparing a business case:
 - a. Status Quo
 - b. Status Quo with standardization of information under common chart of accounts, common position codes, etc.

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- c. Smaller enrolment districts have their systems run at a larger school district site or vendor data centre
 - d. Small and medium sized districts have their systems run at a larger school district regional centre
 - e. Outsource all processing to a regional centre school district. The Group concluded that if outsourcing was considered, the work needs to be regional due to the complexity of collective agreements and differing geographic conditions around the province.
3. There is a significant time frame to implement common or standardized systems along with the one-time investment. One option is for districts to move to standardized data and chart of accounts over time. The move could happen when districts change or upgrade its systems.
4. The above options are a continuum so the sector could move through them over time.
5. The Group identified the following functions that could be considered for sharing between districts:
- a. Data Collection/help desk
 - b. Internal Audit
 - c. Compliance with *Freedom of Information and Protection of Privacy Act*
 - d. Insurance and Risk
 - e. Accounting
 - f. Financial Reporting, Forecasting and Budgeting
 - g. HR Recruiting and HR data
 - h. Payroll and Benefits Administration
 - i. Leave Management
 - j. E-mail and IT Support
 - k. Procurement
 - l. Health and Safety
 - m. Capital Planning and Project Management
 - n. Transportation Administration
 - o. Enrolment projections

Next Steps

1. Complete the overall goals of the VBE pilot:
 - a. Implement successfully in Vancouver
 - b. Evaluate the multi-tenant/ multi-district opportunity
 - c. Develop a “standard” product that is applicable for more districts than Vancouver
 - d. Alignment of common business processes with flexibility to allow for collective agreement and other policy requirements.

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2. Further analysis of the costs and benefits of the People Soft system for implementation in other school districts
3. Finalize a business case to be used to evaluate common system(s) and/or standardized data in varied systems

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Status Report - IT and Communications Working Group

Background:

As part of the Service Delivery Project, the Information Technology and Communications Group was established to provide strategic direction on the use of technologies to enhance teaching and learning and create business process efficiencies in the K-12 sector. The Deloitte report outlined the following opportunities related to information technology and communications:

- Document and Print Management Services
- Common staff e-mail services and unified communication service
- Common learning and work platform to improve access to information and applications for all school districts, including data warehousing
- Common information technology and communications architecture
- Band width expansion, cloud computing, back-up and recovery.

The Group work has relied on the work of Deloitte in their 2012 report and follow up Proof of Concepts work that was done by IBM and the Ministry of Education. The Group has focused on the needs of the BC Education Plan, which identifies these action items directly related to technology:

- Learners, educators and families **will have improved access to digital tools and resources** that support both face-to-face and online learning.
- The Province **will promote the use of technology** for both students and educators.
- **The Province's new agreement with TELUS to provide all telecommunications services for government will allow for improved access to the Internet in B.C. schools.**

The third bullet speaks specifically to the work that must be undertaken on behalf of school districts in order to take advantage of the opportunities outlined above.

Working Group Membership

Lead	Brian Kuhn,	Director of Technology/CIO, Vancouver Board of Education
Dan Turner		Director of Information Management Services, School District No. 36 (Surrey)
Dan Francisco		Manager of Information Technology, School District No. 67 (Okanagan Skaha)
Ray Velestuk		Secretary-Treasurer, School District No. 34 (Abbotsford)
Jon Rever,		Director of Instruction K-12, School District No. 23 (Central Okanagan)
Angus Wilson		Superintendent, School District No. 50 (Haida Gwaii)
James Shypitka		Education Sector, CIO, Ministry of Education
Eleanor Liddy		Director, Open School BC, Ministry of Education

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Upgrading the Provincial Learning Network

The Group concluded that without a robust **always on**, stable, reliable network where there is enough bandwidth available, shared services and other online opportunities cannot be realized. More importantly, the learning and teaching goals envisioned in the BC Education Plan will only be realized when the network is radically and continuously improved.

Webinar:

The working group held a Webinar on November 7, 2013 to consult with the system about the network upgrade.

- Confirmed that school districts recognize the current lack of band width as a barrier to meeting educational and business priorities
- Districts wanted to know more about the technical aspects of the upgrade:
 - Ministry has worked with a district representative committee and Telus to confirm the architecture and technical aspects of the upgraded network. The committee has prepared a document outlining the technical aspects (Appendix A). Generally the upgrade provides:
 - A. Standardized service which enables consistent experience from any school
 - B. Improve security
 - C. Enables efficiencies and improved performance of common systems like the student information system
 - Ministry has negotiated with Telus to reduce the costs as far as possible
 - Ministry has confirmed that there will be no additional provincial funding to pay for the network upgrade and has confirmed that the other ministries of Advanced Education and Health also have to pay for their own upgrade
- The first year of the upgrade will work with pilot districts that are ready to connect with an expectation of full implementation over 5 years.

Costs:

- Current annual operating cost of the network is \$19 million
- Additional annual operating costs (estimated at \$16 million) can be financed over 5 years with some capital one-time costs (\$20 million).

With the funding announcements in March, 2014, the Ministry of Education confirmed that implementation of the network would proceed with the capital costs coming from Annual Facility Grants and the operating costs to be determined when finalized grants are provided.

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Goals and Objectives:

The Working Group identified the following goals and objectives to guide their work and their subsequent recommendations:

1. An IT environment, which supports the teaching and learning requirements in the BC Education Plan
2. A more efficient and effective learning and working environment through an improved IT and Communications infrastructure
3. Addressing the current risks for backup, recovery and security of data
4. A provincial network to better meet the access requirements

The Group discussed that districts are at differing stages of their IT and Communications plans and have differing levels of expertise and financial capacity to upgrade. The K-12 sector does not have a provincial Strategic Plan and roadmap for making technology improvements over time. A Strategic Plan should:

- a. Focus technology on educational purposes
- b. Ensure business processes are supported
- c. Manage resources so there is equity, consistency and cost effectiveness across the province
- d. Ensure alignment of the plan with best practices
- e. Ensure responsible use of existing IT resources
- f. Ensure appropriate management of IT risks
- g. Utilize existing provincial agreements, structures and expertise where appropriate.

A provincial Strategic Plan would allow the K-12 sector to take advantage of the opportunities outlined in the Deloitte report. This Plan could be developed with input and expertise from all districts and take into account district and regional differences. The work to develop a Plan will be difficult as districts have current technology plans and are underway with implementation. Individual district policies, procedures and philosophies would also need to be considered.

The Group has looked at three options for moving forward with implementation of the opportunities identified in the Deloitte report and meeting the goals and objectives set out by the Group:

1. Status Quo-districts continue to upgrade and plan technology as individual entities - no provincial Strategic Plan

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2. Develop a Provincial Strategic IT and Communications Plan and invest in a common infrastructure at a provincial level, with district technology plans moving toward the provincial Plan at their own rate
3. Develop a Provincial Strategic IT and Communications Plan that defines the common infrastructure and plan for implementation across the province, including a road map with timeframes, key investments and strategies and support required. District expenditures going forward would be directed to moving toward the provincial Plan.

The Group has not concluded on an Option but does support the development of a provincial Strategic Plan and roadmap. The Group recognizes the fiscal capacity to invest in technology and respects local district planning and will use these filters as it finalizes this work.

Next Steps:

1. The Group to finalize their report with full consideration of the options
2. Ministry of Education sponsor a provincial session to bring districts together to create the vision for a provincial Strategic Plan.
3. If a provincial vision is developed, further work would be required to:
 - a. Develop the Strategic Plan and roadmap
 - b. Outline the common IT and Communications infrastructure that would support the Strategic Plan
 - c. Outline how the Plan would support the opportunities of:
 - i. Unified Communication
 - ii. Private Cloud Data centre
 - iii. Document/Print Management
 - d. Provide the Ministry with information on the capital investment resources required to fully implement the Strategic Plan.

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Appendix D - Executive Summaries of Working Group Reports

Procurement Working Group Report

The purpose of the Procurement Working Group was to provide advice on the feasibility of the procurement opportunities listed in the Deloitte report and others as considered by the group, and if feasible, provide operational implementation plans for consideration by school districts.

The group reviewed how other initiatives such as Education Resources Acquisition Consortium (ERAC) and Education Cooperative (EDCO) assist or integrate with these opportunities. The group investigated how government-wide procurement initiatives are available to school districts.

The members of the Group were:

Mary Sluggett	Working Group Lead, Retired Purchasing Manager, School District No. 61 (Greater Victoria)
Graham Roberts	Assistant Secretary-Treasurer, School District No. 68 (Nanaimo-Ladysmith)
Lloyd Pendleton	Purchasing Manager, School District No. 23 (Central Okanagan)
Ian Wind	Manager Purchasing and Administrative Services, School District No. 39 (Vancouver)
Duncan McLelland	Executive Director, Procurement, Ministry of Technology, Innovation and Citizen's Services
Stephen Smoroden	Manager, Facility Services, School District No. 37 (Delta)
Doug Gorcak	Director of Facilities, School District No. 67 (Okanagan Skaha)
Frank Marasco	Operations Manager, School District No. 83 (North Okanagan- Shuswap)
Lawrence Tarasoff	Superintendent of Schools, School District No. 84 (Vancouver Island West)

The report provides an overview of the current types of procurement that school districts in the Province of BC participate in both individually, and in a shared format, and summarizes the research of other shared procurement models in BC and Ontario.

Current sharing of procurement expertise is extensive in the metro and lower island regions. Structures for sharing include the Education Resource Acquisition Consortium (ERAC), Education Cooperative (EDCO), Greater Victoria Joint Purchasing Group, Shared Services BC and work by the Association of School Transportation Supervisors of British Columbia and other provincial associations. In many cases this work is shared with post-secondary institutions. The savings from these opportunities exceed \$1.5 million or close to 1% of supply budgets. In

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addition, this year, districts participated in the voice services contract with the Province to save \$1.6 million or 22% of those costs, and 29 districts invested their cash deposits with the Province to net \$1.95 million in additional local investment revenue.

The Group determined the following guiding principles for determining when a commodity or service could be procured in a shared manner:

- Commodities and Services that most districts require and procure on a regular basis
- Values and volumes of commodities justifies consortium purchasing
- Specifications and scope of the commodities and services can be standardized
- Goods and services can be available to most districts in the province
- When consortium procurement is the most cost-effective method
- When consortium procurement will provide the best value for money.

The Group considered four options for the structures to extend shared procurement:

- Option #1 – Expand EDCO
- Option #2 – Greater utilization of Procurement Services, Ministry of Technology, Innovation and Citizen's Services
- Option # 3 – Larger enrolment districts procure on behalf of smaller enrolment districts with a shared structure (regionalized)
- Option # 4 – Shared Procurement:
 - 4A – Implement a Shared Procurement Consortium
 - 4B – Implement a Shared Procurement Legal Entity
 - 4C – Implement a Shared Procurement Legal Entity that combines the current ERAC work

The report provides a business case, which outlines the costs and benefits of the shared procurement options. It is clear that the greatest savings are garnered when the entire province's volumes are used to procure the best price. Utilization of Option 4C by creating a legal entity and incorporating the services currently provided by ERAC provides for the least additional costs. By year 3, the additional saving could be in excess of \$5 million with extensive work on common product standards and full cooperation of all districts.

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Recommendations:

The Group recommends that a shared procurement consortium will best meet the objectives of reduced costs of procured goods, take best advantage of shared procurement expertise and contain administrative overhead costs - Option 4C, which creates a shared procurement legal entity that incorporates the services of ERAC and provides for province-wide procurement of other goods and services, is considered the preferred option. It is expected that the new entity will be easier for districts and some vendors to understand as they are aware of the work of ERAC and will obtain procurement information from only one entity.

The Group recommends that the shared procurement legal entity start with limited goods and services and establish processes that ensure the success of the entity. As well, the entity can utilize existing ERAC, EDCO and provincial procurement contracts where available and provide good value.

The question of mandatory participation must be considered during the consultation and implementation stages as commodity volumes and commitment provide the best opportunity for cost savings and the overhead costs are spread over a larger number of districts.

The savings realized by districts will vary for each district depending upon their current procurement expertise and participation in procurement groups. There is an implementation period where costs will be incurred prior to savings, as acceptable goods and services standards necessary to meet participating organizational requirements will need to be developed, and subsequent procurement processes meeting inter-governmental trade agreement and public sector procurement requirements will need to be followed. It may be appropriate to have membership fees up front for start-up and a rebate or fee calculation model that depends on usage of the services and ability to make savings.

In all options, it is expected that best practices in procurement will be utilized and that all trade and legal parameters will be adhered to. It is expected that advisory committees will be used to establish goods and services standards acceptable across the province that will be used to procure through best practice processes. Currently, with limited procurement expertise in the system, there is a risk of not adhering to public sector procurement requirements. As well, participating districts will need to ensure that their policies do not conflict with the consortium practices.

Once the new consortium is implemented under a legal entity, consideration could be given to the inclusion of other shared initiatives, such as TSMA lite for voice services and banking services. This would reduce administration for districts with one place for all these services rather than an administrative structure for each.

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The Group recommends the following implementation strategy:

- **Technical Task Force**

In order to better define the recommended option, and determine the operation and address the issues that come from further consultation, this task force would have representatives of ERAC, Ministry of Education, and school district business officials. The task force would be charged with finalizing:

- a. The operating procedures of the Entity and the governance structure with participating school districts
- b. The initial Budget for the Entity
- c. The legal parameters for the Entity

- **School District Consultation and Feedback and Approval**

Undertake consultation, feedback and obtain approval from boards of education.

- Provide each board and district staff with the report of the Working Group
- Consult with boards of education through:
 - BCSTA Provincial Council, Board of Directors, or AGM (depending on timing and BCSTA preference)
 - Zone/Chapter meetings with boards and district staff.
- Reconfirm membership in ERAC or affirm membership in new entity from individual boards of education.

3. **Establish the Legal Entity**

4. **Three-year timeline for commodities to be added to the responsibility of the entity in order to work through advisory groups to establish common standards for the procurement and ensure proper procurement processes.**

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Legal Services Working Group Report

The Legal Services Working Group of the Service Delivery Project was established to review all forms of legal services directly utilized by school districts or provided to school districts by other organizations, and provide advice on opportunities for improved effectiveness and cost efficiency. The group determined that school district legal services could be broken down into the categories of labour and employment, board processes and governance, land and buildings, contracts, and information and privacy.

Membership of the Group:

Judith Clark, Working Group Lead, Retired Legal Counsel, BC School Trustees Association

Kelly Thomson, Director Internal Audit and Risk Management, School District No. 36 (Surrey)

Russell Horswill, Secretary-Treasurer, School District No. 71 (Comox Valley)

Audrey Ackah, Legal Counsel, BC School Trustees Association

Jennifer Duprey, Legal Counsel, BC Public School Employers Association

Kim Oldham, Director Claims and Litigation Management, Risk Management Branch, Ministry of Finance

Teresa Downs, Superintendent of Schools, School District No. 74 (Gold Trail)

Work of the Group:

In making changes to the process for delivery of legal services to boards of education, important considerations included:

- the governance responsibilities of boards of education and their need for independent legal advice
- the desire for a solid trust relationship with legal counsel.

The group conducted extensive research into legal services:

- How other provinces handle this work
- Survey responses from districts
- Review of in-house counsels, current providers of legal and policy advice (Schools Protection Program, BCSTA, BCPSEA, and Okanagan Labour Relations Council).

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What do current legal services cost and possible savings from coordination?

- Data from a survey of school districts was extrapolated to arrive at current province-wide costs of \$5.0 million; savings are estimated at 25% or \$1.3 million
- The Deloitte report based estimates on 91 locally managed labour arbitration cases in 2011 at an average cost of \$50,000 or \$4.5 million, and estimated a savings with better coordination of 22 % of costs or about \$1 million.

Guiding Principles for Evaluating the Options:

1. District choice- desire of boards to be able to freely select their source of legal services
2. Some cost-saving strategies require wide participation to achieve sector-wide efficiencies
3. Recognition of local expertise and levels of service: especially with regard to property matters, knowledge of local context can be very important.
4. Cheapest hourly rate is not necessarily the most cost-effective
5. Use of legal services is often a response to lack of adequate staff support or other appropriate support
6. Appropriate use of other services, such as HR or FOI consultants can often reduce legal and other expenditures
7. Measures of cost savings and/or efficiency need to include considerations of effectiveness and whether district goals are attained
8. Prior knowledge of bargaining history or other background to an issue can save time and costs
9. Building capacity at the school district level (professional development and other value-added services to educate clients) can create cost-savings
10. Boards vary greatly in their internal resources and external challenges; this influences their need for external legal services.

Early Conclusions:

- BCSTA legal services has an important role to play in acting as a form of Help Desk, where district officials can get answers to frequently asked questions, sometimes in the form of written opinions from BCSTA's bank of opinions and policy backgrounders, or be directed to an appropriate resource. BCSTA might consider more actively promoting this function among district officials, particularly ones that are new to their positions or to the province. This work should continue.

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- One area for which the Group saw potential cost savings is Information and Privacy services. School Districts tend not to have this expertise on staff. This may be an area for shared expertise where one district provides this service for others. The example of School District No. 23 (Central Okanagan), which contracts out to other boards of education its expertise and services in the area of WorkSafe Compensation claims, might be considered by a board with staff expertise and capacity in the area of freedom of information and protection of privacy.
- Many services, especially in relation to property transactions, are provided by local law firms. The Group's view was that these were generally cost effective. The school district is considered a valued client and treated as such. The relationship benefits the local community. Local knowledge may be important in providing an effective service. The Group did not make any recommendations for changes in this area.

Focus on Legal Services for Labour and Employment:

The largest component of school district legal expense relates to labour and employment. The group quickly determined that strategic management of these legal services would improve the effectiveness and cost efficiency of these services. For labour litigation, the most important consideration in achieving province-wide savings, not only in legal costs but in preserving the rights of boards to effectively manage their work force, is not the hourly rate paid for legal services but the strategic management of services to minimize duplication of effort and manage arbitrations for the best district and province-wide advantage.

Eight options for efficiencies in the labour litigation area were considered by the Working Group and are more fully discussed in the full report and Business Case. The work centred on how best to strategically manage the costs so that districts receive needed legal advice, and there is limited duplication of legal research and advice costs. The concept of a labour litigation risk pool managed in the same manner as general liability litigation and as risk mitigation for school districts is unique and considered favourable. It utilizes existing processes, coordinates the use of appropriate legal services, ensures districts have the appropriate advice, and allows districts to budget in a planned manner. It also can be implemented to provide for local relationships and decision making.

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A litigation risk pool is a reserved pool of funds that is actuarially determined to cover the costs of litigation over time through the receipt of premiums and investment earnings of the pool of funds

There are two key components to the proposed “Labour Litigation Risk Pool”:

- Centralized assessment and management of all labour matters
- Actuarial determination of costs over a number of years and pooling and reservation of funds for payment of defence costs.

Although implementation of either component would be advantageous for boards of education and lead to cost savings, the Group recommends combining these components to maximize cost savings and effectiveness.

Labour Litigation Risk Pool:

Description

1. All disputes are recorded in a claims management system that provides historical claim and disposition information, which will allow access by Schools Protection Program (SPP) and British Columbia Public School Employers Association (BCPSEA) (and possibly school districts), and which will help to avoid future litigation and reduce time to deal with disputes.
2. Disputes would be reported at the outset of the dispute in the same manner as current general liability matters.
3. Schools Protection Program would contract with the BC Public School Employers’ Association to administer the Labour Litigation Pool and the conduct of the cases as the body with labour relations specialists.
4. Pool would be actuarially determined and invested through Risk Management Branch for returns to offset future premiums.
5. Pool will cover all, or a specified portion of, defence costs (i.e. a co-payment) but districts would be responsible for all remedies and/or damages or compensation ordered or agreed upon.
6. Premiums paid to the Pool could be determined on an FTE basis (students or staff) or a base plus experience rating.
7. All disputes are managed through the Pool and there is no further need to determine what is provincial or local under the Teachers Collective Agreement.

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8. Pool will cover collective agreement-related disputes with all unionized employee groups and all exempt staff issues where litigation is required.
9. Implementation could be phased, starting with the teachers.
10. Could be implemented either with mandatory or voluntary participation by all school districts.
11. Estimated to save net after cost about \$1 million annually.

Advantages:

- Strategic management of collective agreement disputes with coordinated response and due diligence
- May more closely match the management of labour issues by the trade unions
- Each school district budgets a premium, rather than trying to estimate annual legal costs that vary from year to year, often unpredictably
- Best advice should be available to the district
- Reduces legal research costs on common issues by centralizing a source of expertise
- Establishment of a data base of all legal issues and settlements will reduce legal research
- No need to determine provincial versus local issues
- With full participation by boards, ensures a unified approach that seeks a common resolution to similar legal issues that arise in the course of proceedings from different school districts
- Management of pooled funds as part of the Insurance Risk Management Account. This may allow for a slower capitalization of the Pool. It ensures best management of the funds at the highest returns.
- Takes advantage of the tendered legal rates of the Risk Management Branch.

Disadvantages:

- Depending on implementation, districts may relinquish some local autonomy
- Employees and their representatives may feel that they are unable to resolve a grievance with local managers and boards of education
- Difficult to initially value the funds required for the Pool and how to fund that portion.

Considerations for Participation in Pool:

- If participation were optional, BCPSEA would have to determine which services were Pool-related (available only to participating districts and paid for under Pool contract) and which services were available to all member school districts.

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- If participation were optional, non-participating boards may seek rights in the Pool reflecting their past participation in it, or seek equivalent government support, especially if they are targeted by union groups
- If participation were optional, actuarial calculations may be complicated by boards joining and withdrawing; may require a substantial notice period for withdrawal
- Non participation would maintain full local control
- Mandatory participation would promote accountability for the management of the Pool and claims
- Non-participating boards may be subjected to additional research costs because the common resources of the participating boards may not be available to their chosen legal counsel
- Settlements or resolutions of common issues by non-participating boards may undermine the strategic approach of the participating boards
- Boards that chose not to participate in the Pool would still benefit from the strategic management of grievances in other school districts but without sharing in the costs.

Conclusion:

The Group considered the Labour Litigation Risk Pool as the best option to provide coordination of services, appropriate management of the expenditures and use of the systems and expertise of the Risk Management Branch (Schools Protection Program) and BC Public School Employers' Association.

The question of mandatory participation remains an open one, but certainly to obtain the greatest economies of scale and to promote consistent and favourable results from labour dispute litigation, participation of all boards of education is preferred.

The savings from strategic coordination of labour litigation is likely to be significant over the long term.

Next steps should include consultation with boards and district staff, consideration of Risk Management Branch requirements, a legislation review, BCPSEA agreement to be the contracted experts, and further technical work on the establishment and functioning of the pool, as well as the funding of the pool.

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Attendance Support, Wellness and Occupational Health and Safety Working Group Report

The Attendance Support, Wellness and Occupational Health and Safety Working Group of the Service Delivery Project were established to look at two opportunities outlined in the Deloitte and Touche report:

1. Develop and implement a best practice Attendance Support, Wellness and Occupational Health and Safety program province-wide that is tailored to individual district circumstances
2. Extend the School District No. 23 (Central Okanagan) WorkSafe Claims Management program to additional districts.

Goals and Objectives:

- Provide advice to the Service Delivery Project Committee on policies, procedures and programs to improve employee wellness and occupational safety for consideration by school districts
- Provide advice to the Service Delivery Project Committee on the data requirements and how best to collect, store and report the data
- Provide draft policies and procedures, implementation plans and a draft business case to assist districts in evaluating participation.

The Working Group used the following principles and assumptions to guide their work:

- ✓ The work of the employees in the K-12 sector is very important and highly respected by the Working Group and these staff should be supported to do that work in a healthy and safe environment
- ✓ The work in the sector is complex, with high expectations for outcomes and cause for a stressful work environment
- ✓ Early return to work is positive for both the employee and the workplace
- ✓ Successful implementation of attendance support and wellness programs is a responsible use of resources and has a positive effect on health outcomes for staff
- ✓ Successful implementation of attendance support and wellness programs needs to be a partnership between the employers, employees and unions
- ✓ Healthy workplaces come from good health and safety programs and a focus on staff wellness
- ✓ Effective and efficient use of human resources result in the best learning outcomes for students and best long-term health outcomes for staff.

The Group has done extensive research and met with WorkSafe BC, Joint Early Intervention Service, BCTF Health and Wellness Program, Public Service Agency, Ken Emmons and the School

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District No. 23 WorkSafe Claims Management and BCPSEA and members of the group surveyed districts and reviewed district policies and collective agreements.

Working Group Membership

Jennifer Canas, Assistant Superintendent Human Resources, School District No. 35 (Langley)

Maureen Carradice, Director of Human Resources, School District No. 33 (Chilliwack)

Tiffanie Dodridge, Manager Health and Safety, School District No. 35 and 33-during the course of the work

Patty Beatch, Employee Wellness Supervisor, Human Resources, School District No. 39 (Vancouver)

Sue Ferguson, Senior Labour Relations Consultant, BC Public Schools Employers' Association

Lawrence Tarasoff, Superintendent of Schools, School District No. 84 (Vancouver Island West)

Tom Longridge, Superintendent of Schools, School District No. 72 (Campbell River)

Hilary Brown, Executive Director Finance and Strategic Planning, BC Public Schools Employers' Association

Costs of Absences:

The Group determined that the average days absent due to illness is greater than the national averages for the K-12 sector, as reported by Statistics Canada by 3.25 days per employee, which equates to an estimated annual cost of \$35.8 million.

The estimated breakdown of the current expenditures on replacement staffing is:

Illness or Disability	\$122 million
Personal and Family	\$ 21 million
Other including professional development	<u>\$ 11 million</u>
Total cost of replacement	\$154 million

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Research would indicate that there are other costs of absences such as:

- Decrease in Productivity
 - employees may be carrying an extra workload, or supporting new or replacement staff
 - employees may be required to train and orientate new or replacement workers
 - staff morale and employee service may suffer
- Financial Costs
 - overtime for replacement workers
 - cost of self-insured income protection plans
 - premium costs may rise for insured plans
- Administrative Costs
 - staff time is required to secure replacement employees or to re-assign the remaining employees
 - staff time is required to track information, assist employees, work with WorkSafe and other benefit providers

The purpose of attendance management is to develop a willingness on the part of all employees to attend work and to assist them to attend work regularly. Research indicates that this can be done through:

- ✓ Supporting the physical and emotional needs of employees
- ✓ Creating a healthy workplace
- ✓ Communicating the attendance goals of the organization so employees can understand and identify with them
- ✓ Working in cooperation with unions and within collective agreements - local relationships are important
- ✓ Dealing with cases of excessive absenteeism fairly and consistently
- ✓ Open information between all parties is required to best assist and support the employee to be at or back to work. Management has the duty to know the information in order to ensure a safe and health workplace and establish the return to work program
- ✓ Employees understand the benefit of their sick leave program
- ✓ Employers value the importance of the work/role of employees and the health of our education system depends on consistent availability of staff to do the work
- ✓ Contact with your employees who are absent is important to ensure they know what supports are available, they are missed and ensure they are safe
- ✓ Board and Senior Management support is integral to the program
- ✓ Program is well understood by management, unions and staff
- ✓ There is feedback and regular review of the program.

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The Group recommends that a best practice program would have the following attributes:

- ✓ Dealing with non-culpable absences and how to support absences in the following categories:
 - Chronic/Catastrophic – HR Support-modify duties-understand the illness and how can assist
 - Finite absence that have an expected window of recovery-surgery-need to know clear recovery period and how to modify duties and how to assist return
 - Substance Abuse/Addictions-need to determine what current support the employee is receiving, how to integrate support with work, facilitate outside support and treatments when appropriate
 - Non-Medical Leave – Determine how to support the employee being at work, advise about outside resources that can assist and utilization of Employee Assistance Plan
 - Psychological and Soft Tissue Illness/Injury-comprehensive function review, assignment of specialist support, facilitate return to work with modified duties if needed, monitoring
- ✓ Return to Work and modified duties are an important part of the program
- ✓ Employer needs to understand the medical and work circumstances and receive specialist and independent advice
- ✓ Program will have a supportive and coaching approach
- ✓ Employer needs data to understand if absence is excessive and data needs to be shared
- ✓ Employer needs to comply with Duty to Accommodate legislation
- ✓ Program should have standardized forms and common policies and programs
- ✓ Need to recognize the complexity of the jobs and aging workforce factors
- ✓ Program will have an educational component for staff, managers and union representatives
- ✓ Program will work with existing programs, such as JEIS and BCTF Health and Wellness Program
- ✓ Program will share the cost benefit analysis of return to work programs.

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The Group considered a number of options:

For Attendance Support and Wellness

- **Option 1** - School districts adopt their own policies and procedures with best practice guidelines and access to contracted specialized expertise, such as medical advisors and occupational therapists. The contracted vendor and terms for this support could be centrally procured.
- **Option 2** - School districts adopt common policies and procedures with best practice guidelines and access to shared specialized expertise, such as medical advisors and occupational therapists. The shared specialists would be provided on a regional basis and hosted by a school district in the region. The specialist function is to professionally evaluate the absence evaluation and provide districts with advice on attendance support and wellness, stay at work, return to work, health and safety and/or duty to accommodate. EDAS would be used to collect the data information required for a good attendance support and wellness program. In the future, the regional specialists could also provide programs such as WHIMS, employee orientation training, and WorkSafe BC claims management services
- **Option 3** – Same as Option 2 but the specialized support is provided by a central agency at a provincial level.

For Occupational Health and Safety

- **Option 1** - Status quo - Districts appoint designated health and safety officer(s), manage their own WorkSafe BC claims and if do not have internal resources, engage School District No. 23 (Central Okanagan) for claims administration and/or appeals
- **Option 2** - Shared regional health and safety officers, WorkSafe BC claims management program handled by School District No. 23 (Central Okanagan) or individual districts and all districts participate in the Work Safe Injury Management Program.

Cost Benefit Analysis:

Comparison of time off for illness and injury in the B.C. K-12 sector indicated that employees are off 3.25 days on average more than the national averages for the sector at an estimated

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cost of \$35.8 million annually. The cost of implementing an attendance wellness program with return-to-work and stay-at-work budgets is estimated at \$4 to \$5 million, which would be a seven-times-return on investment if the sector was able to operate at the national average.

The Group recommends:

School districts adopt common policies and procedures with best practice guidelines. Districts use the programs of the BC Public Service Agency and the City of Coquitlam and the principles outlined in this report as a basis for their policies. Districts have access to shared specialized expertise, such as medical advisors and occupational therapists. The shared specialists could be a central agency or regional service whose function is to professionally evaluate the absence evaluation and provide districts with advice on attendance support and wellness, stay at work, return to work, health and safety and/or duty to accommodate. This agency or shared service could also in future manage the data information required for a good attendance support and wellness program and provide programs such as WHIMS, employee orientation training, the WorkSafe claims management services. There may be a future opportunity to have this overall program operate as a joint trusteeship model similar to the public sector pensions.

This would create a system-wide solution that can be well understood by employees, BCTF and support staff unions and management.

In the area of Occupational Health and Safety programs, districts without internal claims management expertise should consider using the School District No. 23 (Central Okanagan) program for these services. In addition, expertise is needed for health and safety services and districts should ensure access to these services, which could be available on a regional level. The group did not reach consensus on the expansion of the SD No. 23 claims management services as many districts are able to do their own appeals and that districts are responsible for their own occupational health and safety programs.

These recommendations would ensure that all districts can have access to and effective use of specialist support and are able to share in this cost. With common programs and policies, employers and staff representatives can have common expectations across the sector with principles well understood.

Implementation of the recommendations should result in reduced spending for replacement staffing but more importantly support for staff who are absent due to illness or injury, healthy workplaces and consistent and principled conversations across the K-12 system.

The overall goal is to create a culture in the K-12 sector where attendance support is part of the regular operations of schools and districts, employees feel supported, employee

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representatives are involved and feel their members are appropriately and fairly supported and it is recognized throughout the system, that the work with and for our students is improved by employee wellness.

Possible Implementation Strategy:

Short Term:

1. Three districts agree to work together to develop the draft policies and procedures and work with their local union representatives
2. EDAS is enhanced to include leave data and district software updated to provide the additional data
3. Investigate the establishment of the central agency or regional shared services to provide the specialist support and determine if a school district(s) would like to host
4. Investigation if services such as MSFetch, Staff Orientation training, etc. should be added to the central agency or shared regional service
5. Evaluate the integration of JEIS and BCTF health and wellness program.

Longer Term if above work is positive:

1. All districts adopt the policies and procedures
2. Central agency or regional shared services are established
3. EDAS data collection may be transferred to the agency or regionalized shared service
4. Integrate other services into the agency such as MSFetch, etc.
5. Establish an advisory committee made up of school district and union representation to provide on-going advice to this work
6. Investigate a joint trusteeship model similar to public sector pensions for this work.