

# BC Ministry of Education and School Districts

## Service Delivery Transformation

## Final Report

August 24, 2012



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The purpose of this report is to summarize the opportunities, governance considerations and next steps in relation to the BC Ministry of Education and school district service delivery transformation.

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# Executive Summary

# Service Delivery Transformation Disclaimer

- The purpose of the service delivery transformation project was to identify opportunities that could be further explored by the sector and the ministry in an effort to reduce costs and enhance service delivery
- A process was undertaken to identify the opportunities presented in this report that involved:
  - a Steering Committee to provide guidance and advice throughout the project that included members from individual school districts and the ministry;
  - interviews with Superintendents, Secretary Treasurers and functional experts from a variety of school districts, provincial sector organizations and ministry staff;
  - analysis of data provided by individual school districts and provincial level data provided by the ministry and comparison of this data to public sector and education industry benchmarks; and
  - jurisdictional research into governance and operational models in place across Canada and around the world.
- The opportunities presented are provided to the sector for consideration; their inclusion in this report does not indicate endorsement by the ministry, BCASBO or the school districts involved in this analysis

# Context of our analysis

- The purpose of the service delivery transformation project was to identify opportunities that could be further explored by the sector and the Ministry in an effort to reduce costs and improve service delivery. As such:
  - This analysis should not be considered a detailed business case. It provides a low and high-end estimate of the potential financial benefits and implementation costs associated with each opportunity. For communications purposes, the estimated financial benefits and implementation cost ranges have been rounded
  - A detailed business case for each opportunity should be developed prior to using the estimates outlined in this report for detailed budgeting exercises or performance target setting
  - The analysis was based on the data provided by the in-scope school districts and the Ministry. This data has been assumed to be accurate and wasn't subject to detailed verification except where outliers appeared in the data
- The estimated benefit and cost information was developed using the following process:
  - Information was gathered from each select school districts in each of the core functional areas of analysis. Provincial level information and data from other initiatives (i.e. Technology Assessment) was gathered to supplement district level information. The finance and payroll analysis leveraged the information gathered during the IBAS project
  - The information from school districts and the Ministry was used to calculate the current costs of delivering key non-instructional services for each of the in-scope school districts
  - The current state costs were compared to industry standard benchmarks to understand the potential benefits of the future state for the in-scope school districts. Benchmarks included high-performing BC school districts, BC government contract rates, published 3<sup>rd</sup> party estimates (i.e. Gartner) and Deloitte experience
  - Benefits were extrapolated province-wide using provincial data provided by the Ministry, including sector demographic and budget information to understand the total potential benefit of each opportunity to the sector
  - The purpose of this approach was to gain an “order of magnitude” understanding of the potential size of each opportunity on a provincial scale to assist the sector in making decisions about which opportunities to further explore
  - A conservative estimate was used in most cases for the provincial benefits extrapolation to reflect the fact that some districts were already operating in the future state model and variability in implementing provincial solutions
  - Implementation costs were developed based on published 3<sup>rd</sup> party estimates and Deloitte experience
- Benefit estimates shown are the assumed benefits that could be generated at full realization of each opportunity

# Service delivery transformation can deliver cost savings and service improvements to the sector

- The quantitative and qualitative analysis conducted during this project suggests there are significant opportunities across all functional areas and the Ministry and school districts are supportive of continuing to explore them in partnership
- The most significant areas of potential savings involve new approaches to the delivery of capital projects and alternative delivery models for student transportation and facilities and ground maintenance
- While procurement is the most mature process in terms of school district collaboration, there remains large categories of spending not currently sourced on a sector basis and additional benefits to be gained through improved governance and procurement processes
- In total, the service delivery transformation opportunities could generate savings in the range of \$100-\$246M in recurring savings to the benefit of the sector. Additional opportunities for savings exist through the implementation of the capital management opportunities depending on the size of future capital programs
- Achieving these savings will not be easy. Issues of local autonomy, resistance to change and the reality of independent and elected boards will require creative solutions and hard choices to be made by government and the sector
- Working together and delivering services in a collaborative manner provides an opportunity to reduce costs associated with delivering non-instructional services and improve overall service delivery

## Service delivery transformation requires new operating models and tough choices

Achieving the potential benefits from the identified service delivery transformation opportunities will require:

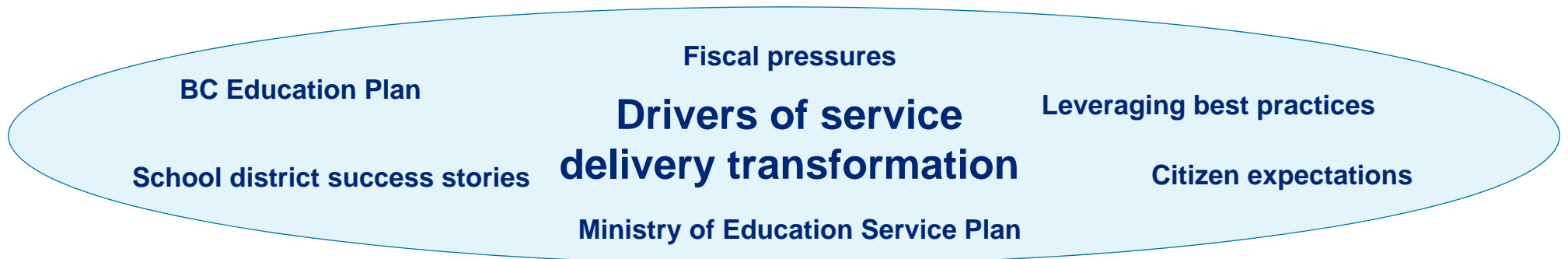
- School districts to adopt new, collaborative ways of working or where that is not possible, the Ministry mandating centralized service delivery models
- Negotiating changes to collective agreements to enable new models, particularly in the delivery of student transportation and facilities, custodial and grounds maintenance
- Upfront investment on behalf of the Ministry and school districts to provide foundational aspects of new service delivery models or support to begin the transformation process
- School districts giving up some local autonomy and potentially staff to allow for the creation of centralized functions, standardization of core processes and pooling of expertise
- A long-term commitment to partnership across the sector, between school districts and with the Ministry
- Measuring and reporting the achievement of results to the entire sector

# The service delivery transformation project sought to identify opportunities for school district collaboration

- The BC Education Plan sets the sector on course for a multi-year transformation
- Fiscal pressures are creating a challenging financial environment for all public sector organizations in BC and around the world, including school districts. At the same time there is a need and desire to increase overall levels of service
- The Ministry and school districts were interested in exploring greater school district collaboration in an effort to reduce administration or non-instructional costs
- There is a history of collaboration between school districts that can be built on and enhanced for the benefit of students, teachers, support staff and the sector as a whole

<p><b>Project Purpose</b></p>	<ul style="list-style-type: none"> <li>• The purpose of this project is to identify opportunities for school districts to collaborate in the delivery of non-instructional services</li> </ul>
<p><b>Project Objectives</b></p>	<ul style="list-style-type: none"> <li>• To identify opportunities that should be further explored by the sector</li> <li>• To develop a roadmap and supporting governance structure for moving forward with the opportunities</li> <li>• <b><i>Decisions about which opportunities will be implemented and how they will be implemented will be made in partnership between the Ministry and school districts in a future phase</i></b></li> </ul>
<p><b>Project Scope</b></p>	<ul style="list-style-type: none"> <li>• Project included participation from a number of BC school districts</li> <li>• The following functions were included in the analysis: procurement, transportation, facilities, IT, HR and finance</li> </ul>

# The achievement of the service delivery transformation vision is guided by a set of core principles



**Vision for service delivery transformation**  
*Innovative solutions for school district collaboration improves the efficiency and overall quality of non-instruction service delivery*

- The following core principles will guide the achievement of this vision:**
- Savings found through district collaboration solutions will be retained by the sector
  - The Ministry and school districts will explore opportunities in partnership
  - Opportunities to create efficiencies will be explored in a variety of areas; decisions will be guided by quantitative and qualitative benefits and costs
  - Expand solutions that are in place in BC school districts and are working well
  - Best practices from other jurisdictions will be leveraged
  - All service delivery models will be considered



# Overview of the Service Delivery Transformation project process

The Service Delivery Transformation project involved significant engagement of BC school districts throughout the following key phases:

## Project Preparation and Initiation

- Preliminary portfolio of potential opportunities was developed based on initial discussions with the sector and Deloitte experience and research on other jurisdictions in Canada, the US and globally
- Preliminary opportunities were rationalized and new items were added at the Steering Committee kick-off meeting

## Data Collection & Analysis

- Data was collected and district visits were conducted in order to better understand current service delivery models and current challenges
- School district experts participated in cross-district functional meetings

## Steering Committee Current State Workshop

- Current state issues and challenges were presented to the Steering Committee and a refined list of opportunities was validated

## Opportunity analysis and roadmap development

- Opportunities were defined and some were consolidated due to similarities in theme while others were removed as they were not feasible or did not provide sufficient benefits to warrant the investment required
- Opportunities were prioritized for further exploration based on level of benefits that could be achieved, estimated cost of implementation and complexity
- Using the prioritization criteria, opportunities were grouped into three tiers with Tier 1 focusing on those opportunities that are relatively less complex and could yield benefits in the shorter-term
- A final list of opportunities and proposed roadmap was validated at the final Steering Committee meeting

**120 initial opportunities identified**

Initial opportunities list was consolidated and refined following Steering Committee Kick-off meeting

Opportunities were added and removed following School District visits

Final list of opportunities was determined following quantitative analysis

**25 key service delivery transformation opportunities**

# Specific opportunities for collaboration exist within key school district non-instructional functions

Linkage to IT Proof of Concepts Initiative

Linkage to IBAS Project

Transportation		Procurement		Facilities		Capital		Information Technology		Human Resources		Finance	
White Fleet Procurement	Green	Strategic Sourcing	Green	Facilities/Office Management	Yellow	Capital Planning CoE	Green	Help Desk Mgmt	Green	Personnel Data Mgmt	Green	Accounts Payable	Green
Fuel Procurement	Green	Purchasing Process	Red	Facilities Maintenance	Green	Common School Design	Green	Network	Green	Recruitment	Green	Accounts Receivable	Green
Scheduling & Route Mgmt	Green	Contract Mgmt	Red	Custodial	Green	Project Bundling	Green	Application Mgmt	Green	Staff Complement Mgmt	Green	Travel & Expenses	Yellow
Student Transportation	Green	Materials & Supply Mgmt	Red	Ground Maintenance	Green	P3 Models	Green	Hosting Services	Green	Time Mgmt	Yellow	Capital Mgmt	Green
Vehicle Maintenance	Red	Shipping & Logistics	Red	Energy Mgmt	Yellow	<b>Planning &amp; Forecasting</b>	Red	Records and Content Mgmt	Red	Benefits & Wellness	Yellow	General Ledger	Green
		P-Cards	Green	Community Use & Permits	Yellow			School Board Enrolment Projections	Red	Workstation Management	Green	Pensions	Red
				Facility Condition Inspections	Yellow	Staff Allocation	Red	Mobility & Telecomm Mgmt	Green	Disability / Case Mgmt	Green	Treasury Mgmt	Green
						Strategic Planning	Red	Printers and MFDs	Green	Occupational Health & Safety	Green	Financial Reporting	Green
										Learning & Development	Green	Grant Mgmt	Red
										Payroll	Green	Asset Life-Cycle Mgmt	Green
										Attendance Management	Green	Legal	Green

- High-potential opportunity for exploration
- Out of scope or not an opportunity
- Potential opportunity or addressed through another opportunity

# Service delivery transformation opportunities

- The following 25 opportunities were identified through the Service Delivery Transformation:

Functional Area	Description	Province-wide Benefits		Province-wide Implementation Costs		Tier
		Low	High	Low	High	
Procurement	Consolidate existing p-card use districts to a single p-card	• R: \$0.06M		• OT: \$50K	• OT: \$200K	Tier 1
	Maximize p-card usage by bringing non-participating districts on board	• R: \$0.07M				Tier 1
	Expand EDCO/buying group participation to 70% to 90% of non-participating districts	• R: \$0.8M	• R: \$1M	• OT: \$500K • R: \$50K	• OT: \$1.5M • R: \$400K	Tier 1
	Increase percentage of contracted spend to benchmark levels for all districts now participating (i.e. new districts as well)	• R: \$5M	• R: \$7M			Tier 1
	Group procurement to benchmark levels and add new, currently unsupported categories <sup>1</sup>	• R: \$7M	• R: \$18M			Tier 1
Capital	Bundle projects into larger tranches (e.g. seismic). Savings range estimate 5%-15% <sup>2</sup> of original spend	• \$50M total over next 10 years	• \$150M total over next 10 years	<ul style="list-style-type: none"> <li>• OT/R: Program office set up and ongoing costs</li> <li>• R: \$400K - \$600K+</li> <li>• Staffing costs for capital office, 3-5 FTE to start, plus admin support and overhead costs; increase as justified over time with as assumed \$100K cost/FTE</li> <li>• OT: Stakeholder engagement program to establish common requirements</li> </ul>		Tier 2
	Adopt a model of common school design and development, as opposed to single, independent projects	Projected spend over next 5 years • \$25M	Projected spend over next 5 years • \$120M			Tier 2
	PPP funding and maintenance model	• Alberta's ASAP yielded \$105M or 29% on a \$358M project				Tier 2
	Establish a sector capital projects office to support delivery of capital projects across the sector					• OT – office start up costs depending on scope

<sup>1</sup> This opportunity reflects an extrapolation based on experience with similar projects and projects incremental savings of 3%-7% over existing savings on 12%-15% of the non-instructional spend

<sup>2</sup> Represents an assumed seismic capital program of \$1B with a benefit from bundling the projects at 5%-15% and represents the savings on planned new school development at an estimated value between \$500M - \$800M with 5% - 15% savings

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Service delivery transformation opportunities

Functional Area	Description	Province-wide Benefits		Province-wide Implementation Costs		Tier
		Low	High	Low	High	
Facilities	Increase productivity to comparable sector benchmarks	• R: \$60M	• R: \$150M	• OT: \$2M - \$6.5M <sup>2</sup> • R: 3-7% contract management		Tier 3
Transportation	Implement alternative service delivery model for student transportation	• R: \$7M	• R: \$32M	• OT: Severance • OT: Service delivery model redesign and procurement – \$0.5-\$4.5M • R: Contract management – 3-7% of total value annually		Tier 3
	Leverage existing provincial fleet procurement to centralize and standardize white fleet procurement	• R: \$0.5M	• R: \$0.7M	• OT: \$0 - \$20K <sup>2</sup>		Tier 1
	Move to a provincial fuel procurement model that mirrors one of two current best practices	• R: \$0.4M	• R: \$0.8M	• OT: \$50K - \$170K <sup>2</sup>		Tier 1
	Explore the establishment of a Transportation Centre of Excellence	• Pilot program to determine benefits from specific transportation processes		• Staff support for a pilot project		Tier 2
IT	Transition to managed print services on a single contract for all districts	• R: \$2M	• R: \$4M	• OT: ~\$0.3M	• OT: ~\$0.3M	Tier 1
	Centralize staff email and unified communications to a single instance of the Microsoft platform	• R: \$1M	• R: \$5M	• OT: \$3M	• OT: \$5M	Tier 1
	Develop a centralized SharePoint portal for all districts	• OT: \$5M avoided implementation costs • R: \$3M in avoided support costs	• OT: \$8M avoided implementation costs • R: \$4M in avoided support costs	• OT: \$2M	• OT: \$4M	Tier 1

<sup>1</sup>Achievement of savings from the IT projects is dependent on improved bandwidth for BC schools. This will involve one time costs of roughly ~\$4.5M and ongoing operating costs of ~\$14M (Source: BC Ministry of Education). See slide 77 for further discussion.

<sup>2</sup> – Expressed over a three year time period

OT = one-time implementation costs or benefits, R = recurring costs or benefits

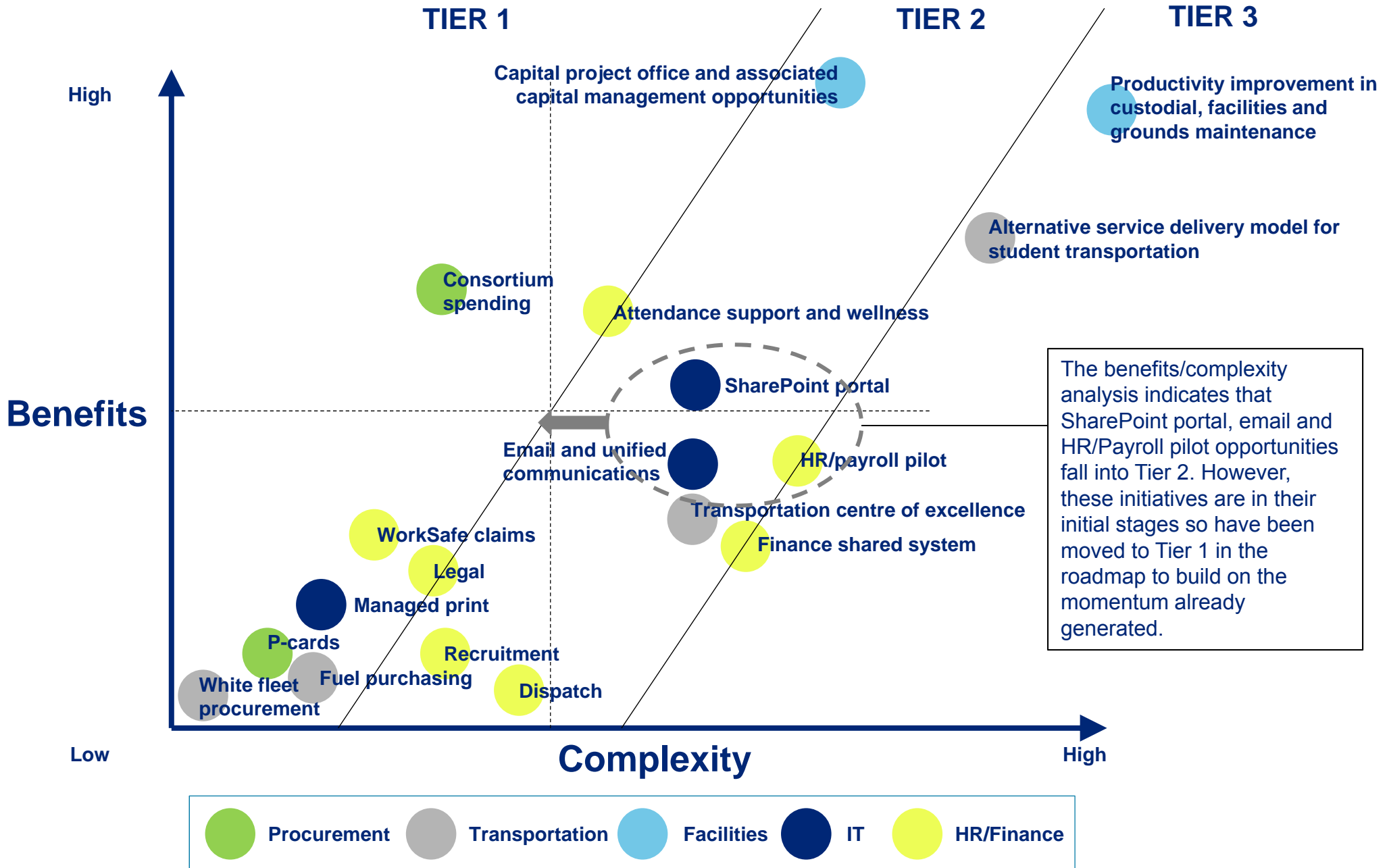
# Service delivery transformation opportunities

Functional Area	Description	Province-wide Benefits		Province-wide Implementation Costs		Tier
		Low	High	Low	High	
HR	Implement a shared HR/Payroll system pilot	<ul style="list-style-type: none"> <li>Reduced system risk</li> <li>Incremental productivity gains</li> <li>Template for other districts to move to a tier 1 system</li> </ul>		• OT: ~\$2M <sup>1</sup>	• OT: ~\$4M <sup>1</sup>	Tier 1
	Develop and implement a best practice Attendance Support, Wellness and Occupational Health & Safety program province-wide that is tailored to individual district circumstances	• R: ~\$10M in reduced replacement costs	• R: ~\$12M in reduced replacement costs	<ul style="list-style-type: none"> <li>~\$0.3M External consulting fees</li> <li>R: ~\$1M in incremental salary</li> </ul>	<ul style="list-style-type: none"> <li>~\$1M External consulting fees</li> <li>R: ~\$1.4M in incremental salary</li> </ul>	Tier 1
	Extend the SD23 WorkSafe Claims Management program to additional districts	• R: ~\$0.5M	• R: ~\$3M	• R: ~\$1.3M in incremental contracting costs		Tier 1
	Add reference, credential and criminal record checks to set of services provided by Make a Future	• R: ~\$0.4M	• R: ~\$0.9M	• Limited to no added cost for BCPSEA to coordinate with an outside vendor		Tier 2
	Make a Future provides internal recruiting portal to each district	<ul style="list-style-type: none"> <li>Reduced internal processing costs</li> <li>Improved service quality and visibility into paper use</li> </ul>		• R: \$0.3M in annual incremental costs to expand MAF to include the Internal Applicant Management System		Tier 2
	Implement a centralized call-in and dispatch system for short-term absences	• R: ~\$0.1M	• R: ~\$0.3M	• Software costs related to implementation of shared HR/Pay system		Tier 2
Finance	Implement Finance Shared services/system	• R: ~\$1M	• R: ~\$3M	• Program/system setup costs		Tier 3
Legal	Centralize coordination and delivery of legal services for employment litigation through BCPSEA	• R: ~\$1M	• R: ~\$4M	• Marginal staff increases based on amount of litigation work performed in-house		Tier 1

<sup>1</sup> Estimated HR/Payroll implementation cost based on ~\$36M cost estimate for IBAS. Assumed that 50% of this (~\$18M) is the HCM product. Using Vancouver as the pilot, estimated that the cost to implement would be ~10-25% of the cost to implement Province-wide.

OT = one-time implementation costs or benefits, R = recurring costs or benefits

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



# The sector can achieve \$100M-\$246M in recurring costs savings through service delivery transformation

- The recurring savings break down as follows:

Implementation Tiers	Benefits <sup>1</sup>	
	Estimated Low end	Estimated High end
Tier 1 – Strategic sourcing (Procurement opportunities, fuel and fleet), attendance support, IT, WorkSafe claims management and legal services	\$31.5M	\$60M
Tier 2 – Recruiting, dispatch and Transportation Centre of Excellence	\$0.5M	\$1M
Tier 3 – Alternative delivery models for student transportation and productivity improvements to facilities/ground maintenance and shared finance system	\$68M	\$185M
<b>TOTAL</b>	<b>\$100M</b>	<b>\$246M</b>

- Alternative capital project delivery models represent significant potential one-time savings to the sector in the range of \$75M - \$270M based on announced seismic upgrades and new school builds
- There are additional one-time avoided cost savings for the SharePoint opportunity that are not reflected in the recurring savings above
- One-time investments will be required to achieve the savings outlined above, particularly related to the alternative service deliver models and central IT infrastructure
- The IT opportunities will require an upgrade to the network to enable enhanced collaboration between school districts

<sup>1</sup> For communications purposes, the estimated financial benefits and implementation cost ranges have been rounded, Please see Slide 5 for context about the analysis conducted to develop the benefit and cost estimates.

# Achieving the Tier 1 benefits will require investments in key areas

- The following upfront investments will be required to achieve the estimate benefits that could be achieved from the Tier 1 opportunities
- Investments include costs such as incremental staffing costs required prior to the realization of benefits, external consulting fees for program design and setup and software implementation costs (internal and external costs)

Opportunity	Type of investment required	Investment <sup>3</sup>	
		Estimated Low end	Estimated High end
Strategic sourcing	Internal staff costs (project and implementation), external consulting fees	\$0.7M	\$2.1M
Attendance support	First year internal staff costs (Attendance Support specialists), external consulting fees	\$1.3M	\$2.4M
IT Projects <sup>1</sup>	Software implementation costs (internal and external), internal staff costs (project management)	\$5.3M	\$9.3M
HR/Payroll pilot	Software implementation costs	\$2M	\$4M
Legal services	Incremental staff increases	Little to no upfront investment required	
WorkSafe Claims	Incremental staff increases for SD23	Little to no upfront investment required <sup>2</sup>	
Tier 1 Program development	External consulting, seconded staff costs	\$0.5M	\$1M
<b>TOTAL</b>		<b>~10M</b>	<b>~19M</b>

<sup>1</sup>Achievement of savings from the IT projects is dependent on improved bandwidth for BC schools. This will involve one time costs of roughly ~\$4.5M and ongoing operating costs of ~\$14M (Source: BC Ministry of Education). See slide 77 for further discussion.

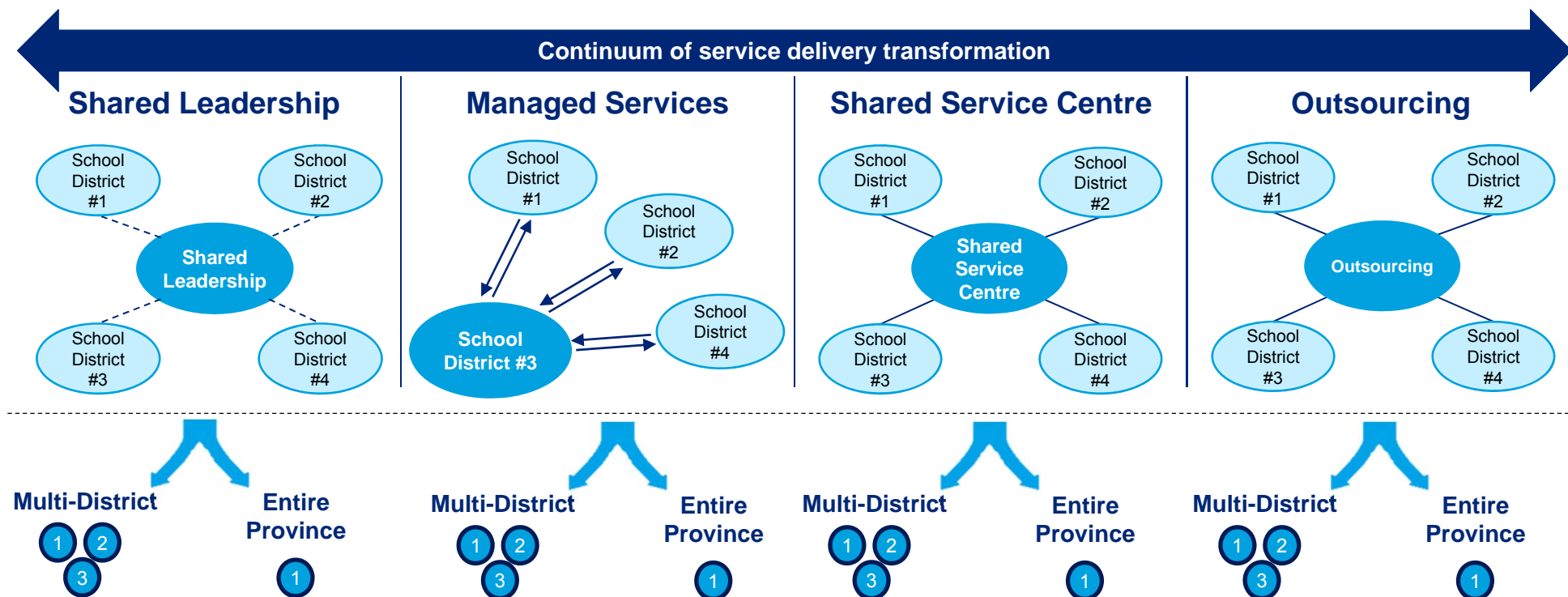
<sup>2</sup>The WorkSafe Claims program involves incremental costs that will be incurred as SD23 adds clients meaning that the program will be cost neutral in the short term

<sup>3</sup>For communications purposes, the estimated financial benefits and implementation cost ranges have been rounded, Please see Slide 5 for context about the analysis conducted to develop the benefit and cost estimates.

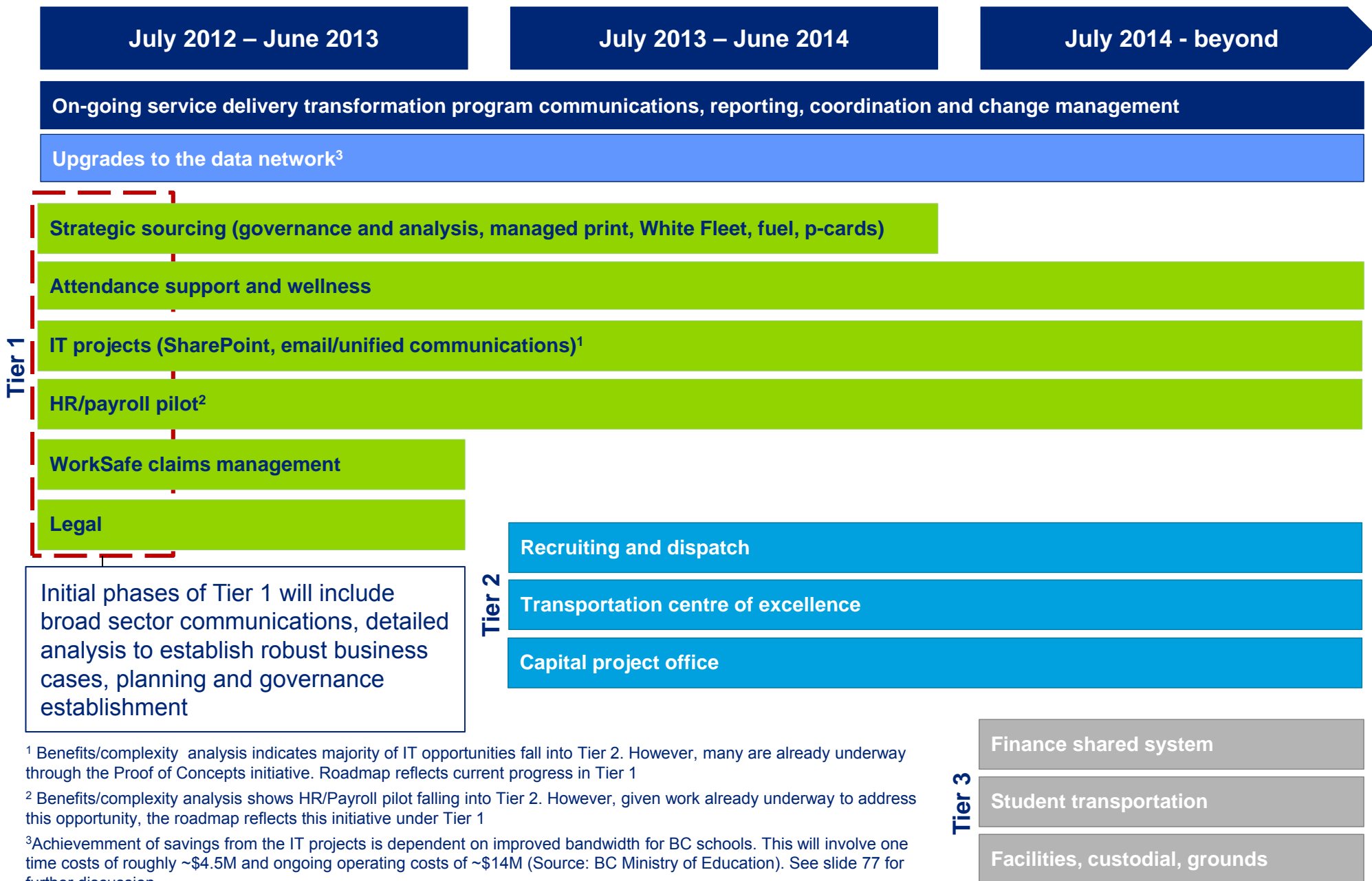


# The implementation of each opportunity should consider the most appropriate governance model for the sector

- Collaboration at the school district level is a continuum of models ranging from district collaboration and shared leadership through to centralized, outsourced arrangements
- Each model has unique characteristics, benefits, and challenges associated with it which must be considered when determining the most appropriate model for each individual opportunity
- A formal governance model should be implemented for all opportunities pursued; the sector should consider the appropriate governance model on an opportunity by opportunity basis
- Participation in each model can be mandatory or optional; mandatory participation will yield greater cost savings



# The immediate opportunities and key strategic, long-term opportunities should form Tier 1 of the transformation



Initial phases of Tier 1 will include broad sector communications, detailed analysis to establish robust business cases, planning and governance establishment

<sup>1</sup> Benefits/complexity analysis indicates majority of IT opportunities fall into Tier 2. However, many are already underway through the Proof of Concepts initiative. Roadmap reflects current progress in Tier 1

<sup>2</sup> Benefits/complexity analysis shows HR/Payroll pilot falling into Tier 2. However, given work already underway to address this opportunity, the roadmap reflects this initiative under Tier 1

<sup>3</sup> Achievement of savings from the IT projects is dependent on improved bandwidth for BC schools. This will involve one time costs of roughly ~\$4.5M and ongoing operating costs of ~\$14M (Source: BC Ministry of Education). See slide 77 for further discussion.

# Significant progress on Tier 1 initiatives can be made over the next school district fiscal year



## Tier 1 Sequencing Rationale:

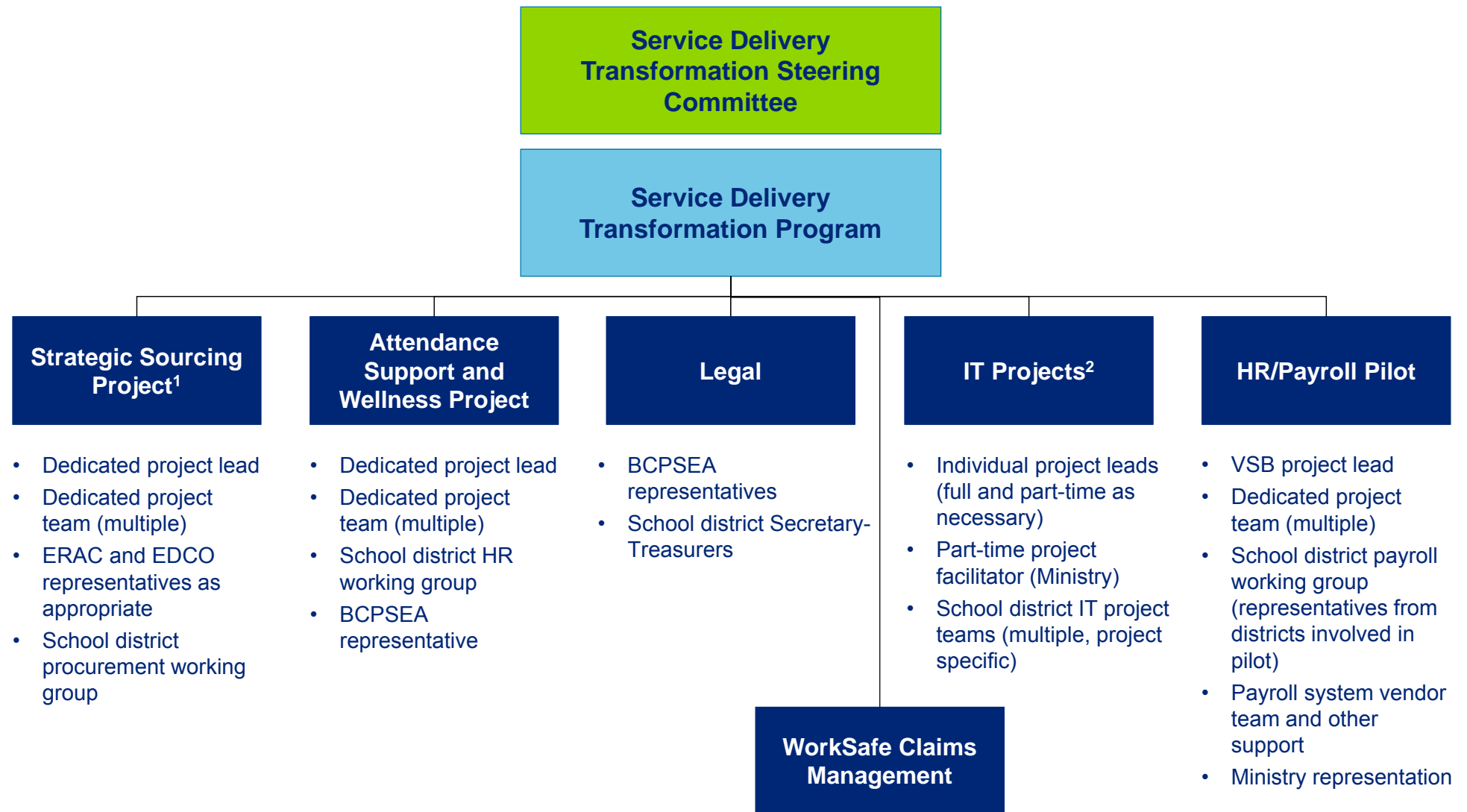
- The strategic sourcing initiative can provide early benefits to the sector that can be used to support investments required in other areas. It is critical to build momentum around this initiative early in Tier 1
- Attendance support similarly can provide districts with savings they can invest in other areas. As such, it could be started at the beginning of Tier 1
- HR/Payroll and the IT Proof of Concepts are already underway and should continue in Tier 1 as per their current timeline. The Proof of Concepts will run through February 2013 with broader rollout taking place in the ensuing months.
- Given the demands on the sector we recommend that progress is made on the strategic sourcing and attendance support initiatives before starting to pursue the other Tier 1 opportunities

# A formalized governance and program structure is required to move the Tier 1 opportunities forward

	Responsibilities	Proposed membership
<b>Service Delivery Transformation Steering Committee(s)</b>	<ul style="list-style-type: none"> <li>• Provide overall support and guidance to the transformation and individual opportunities</li> <li>• Champion the transformation and specific opportunities across the sector</li> <li>• Accountable for the overall results of the transformation and specific opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• BCASBO Executive</li> <li>• President, BCSSA</li> <li>• Ministry of Education</li> <li>• <i>May have separate steering committees for individual opportunities as appropriate</i></li> </ul>
<b>Service Delivery Transformation Program</b>	<ul style="list-style-type: none"> <li>• Lead and coordinate the overall transformation</li> <li>• Report on progress and results of transformation to the sector, government and stakeholders</li> <li>• Conduct financial analysis throughout the transformation to identify and track benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Program Lead – full-time role</li> <li>• A mix of full and part-time roles                             <ul style="list-style-type: none"> <li>• Program coordinator</li> <li>• Program communications</li> <li>• Financial analysis</li> </ul> </li> </ul>
<b>Service Delivery Transformation Project Teams</b>	<ul style="list-style-type: none"> <li>• Lead the implementation of individual service delivery transformation projects                             <ul style="list-style-type: none"> <li>• Detailed analysis and business case</li> <li>• Project plan development</li> <li>• Contract negotiation as necessary</li> <li>• School district partnerships</li> </ul> </li> <li>• Report on progress, results and issues to service delivery transformation program</li> </ul>	<ul style="list-style-type: none"> <li>• Project Lead – full- or part-time depending on size and complexity of project</li> <li>• Project support roles as needed</li> <li>• School district working groups</li> <li>• Other project resources as needed (partners, stakeholders, vendors)</li> </ul>

- Governance structures for Tier 2 and 3 will be determined following Tier 1

# Each Tier 1 project should have a full or part-time project team to support the implementation



<sup>1</sup> Strategic sourcing project includes: p-cards, managed print, white fleet procurement, fuel purchasing and consortium governance

- Project lead – SD#23
- School district HR working group

<sup>2</sup> IT projects include the Proof of Concepts recommended in the Technology Assessment which include: network, SharePoint, email/unified communication and data centre

# The Ministry and school districts should move quickly to maintain momentum

- To maintain the momentum of the service delivery transformation and begin to move each opportunity forward, BCASBO, school districts and the Ministry should undertake the following actions immediately:
  - Communicate results of the initial phase of the service delivery transformation in a coordinated fashion to the broader sector and key stakeholders
  - Establish governance structure for Tier 1
    - Determine Program Lead and supporting roles and resources
    - Formalize the Steering Committee Terms of Reference
    - Identify leads for individual projects
  - Move forward with detailed business casing and planning for agreed Tier 1 opportunities
  - Determine school district involvement in each project
    - School district involvement in Tier 1 should expand beyond the Metro and Fraser Valley districts given the province-wide opportunity each project presents
    - Numerous factors should be considered in identifying the districts to include in each project, including willingness, readiness, capacity, resources and overall impact to the service delivery transformation
  - Ensure that technology infrastructure is in place in order to maximize attainment of savings for IT opportunities
  - Kick-off each project with rigorous analysis and detailed planning

# A number of factors will need to be addressed throughout the service delivery transformation

Keep the following success factors in mind when implementing service delivery transformation opportunities:

Success factor	Description
<b>Governance</b>	Governance ensures that policies are developed and enforced, disputes are resolved appropriately, services are continuously monitored/reviewed, and performance goals are set and achieved. Additionally, having an effective governance structure will help to ensure there is continuous investment and oversight for ongoing projects. This is important for the implementation of the service delivery transformation and the on-going operation of each opportunity.
<b>Standardization of processes and requirements</b>	For opportunities such as HR/Payroll, SharePoint, finance shared services and strategic sourcing standardization of processes and requirements will be critical to maximizing the benefits that come from economies of scale. For opportunities that involve IT components, the extent to which processes are standardized prior to moving to a shared system will also reduce the amount of change – thus risk – in implementing collaborative service delivery models
<b>Change management</b>	Transformation projects of all kinds contain elements of change management. As a result, an effective change management strategy is required when communicating with and motivating employees during the change in order to prepare them for their new roles and keep executives aligned during the process
<b>Decision-making</b>	Establishing decision-making guidelines will provide structure and clarity with respect to how decisions are made and the individuals/groups involved. Additionally, decision making will be supported by the vision of the initiative and be in line with the established governance structure. This is particularly critical to ensure that the role of school district Boards is respected

# A number of factors will need to be addressed throughout the service delivery transformation cont.

Keep the following success factors in mind when implementing service delivery transformation opportunities:

Success factor	Description
<b>Manage transition and training</b>	A shift towards collaborative models has a substantial amount of change for employees that are both directly and indirectly involved. As a result, it is important for respective districts to ensure a smooth transition for their staff and provide any necessary training associated with their new role/position
<b>Develop an effective funding model</b>	A formalized funding model needs to be adopted for the overall service delivery transformation and communicated to everyone involved
<b>Ensure flexibility for collaboration</b>	Districts should have the flexibility to opt in and out of certain (but not all) services based on their ability to provide them internally and their level of satisfaction and/or dissatisfaction with the service. It is also important to be clear on which services should be mandatory across the sector
<b>Performance management</b>	Measuring the performance of the projects against their stated benefit is important to ensure they are delivered effectively, in a timely manner, and provide value to the sector and the Ministry



# Moving forward with the Service Delivery Transformation

- The opportunities outlined in this report are designed to provide the Ministry and school districts with insights into the possibilities, benefits and impacts of service delivery transformation
- The next steps in the Service Delivery Transformation is for the Ministry, BCASBO and the school districts to decide in partnership which opportunities the sector should move forward with in the short-term
- A detailed business case and implementation plan is critical for the successful implementation of each opportunity included in Tier 1 of the Service Delivery Transformation

The collaborative spirit that was evident in the initial phase of the Service Delivery Transformation project provides a strong foundation for continuing to explore and ultimately implement the opportunities identified

# Opportunity Profiles

# Opportunity profiles provide detail on benefits, costs and current and future state of each area

- The following section includes the detailed opportunity profiles for each functional area analyzed during the Service Delivery Transformation project
- Each profile provides a detailed summary of the opportunity, issues and challenges, benefits and costs, governance and implementation considerations as well as a summary of the method of analysis that was used to calculate the benefits and costs
- The profiles are structured in the following way:

Opportunity Profile Section	Description
Profile summary	An overview of current state, current challenges, leading practices and potential benefits from identified opportunities for collaboration
Benefits and costs	A summary of potential benefits and costs for each opportunity
Governance model and implementation considerations	Considerations for future state governance models, implementation risks and key decisions for both the Ministry and school districts
Summary of analysis	An overview of the analysis methodology to quantify the benefits and costs, including discussion around assumptions, limitations and data sources

**The opportunity profiles are presented in the following order:**

Procurement	29
Transportation	42
Facilities	58
IT	74
HR, Payroll, Finance & Legal	95

# Key assumptions and data sources

- The following key assumptions have been made throughout this analysis and should be kept in mind when reviewing the opportunity profiles
- Global Assumptions:
  - The in-scope districts are representative of the whole province
  - Student population proportionate to the provincial total has been used as the basis to extrapolate costs from the in-scope districts
  - Where scaling to the whole province, the implied assumption is that the benefits will scale uniformly; in some opportunities, this assumption has been moderated to reflect the impracticality of a province wide deployment
  - All benefits are recurring unless otherwise indicated
  - Staff costs were calculated using the provincial average salary per support staff and management staff FTE
- Numbers <\$1M are provided to the nearest \$0.1M, >\$1M are rounded to the nearest \$1M; numbers less than \$250k are rounded to the nearest \$5k
- While sources for cost figures, benchmarks, leading practices and other relevant points are cited through the document, a number of data sources have been used repeatedly throughout this analysis:

Function	Data Source	Description
All	<a href="http://www.bced.gov.bc.ca/accountability/district/revenue/">http://www.bced.gov.bc.ca/accountability/district/revenue/</a>	Provincial financial data
	<a href="http://www.bced.gov.bc.ca/schools/bcmap.htm">http://www.bced.gov.bc.ca/schools/bcmap.htm</a>	Contacts across school districts
	<a href="http://www.newsroom.gov.bc.ca/ministries/education/factsheets/factsheet-school-district-profiles.html">http://www.newsroom.gov.bc.ca/ministries/education/factsheets/factsheet-school-district-profiles.html</a>	School district profiles
	<a href="http://www.bced.gov.bc.ca/reporting/district_data_summary.php">http://www.bced.gov.bc.ca/reporting/district_data_summary.php</a>	School district demographics data
Procurement	Surrey school district cost analysis	EDCO average cost savings
Facilities	<a href="http://www.efmabc.com/about-us/whos-who">http://www.efmabc.com/about-us/whos-who</a>	FTE by employment category
IT	Technology Assessment	Survey data and reports

# Procurement Opportunities

# Strategic sourcing provides opportunity for increased benefits from p-card usage and optimizing procurement consortia

- While procurement is the most mature process in terms of school district collaboration, there remain large categories of spending not currently purchased on a sector basis and additional benefits to be gained through improved governance and procurement processes
- The largest opportunity is to increase the usage and overall effectiveness of purchasing consortiums
- P-cards present a relatively simple opportunity to add remaining districts, consolidate to a single provider and simultaneously increase the net rebate. Total savings from p-card changes could be up to \$130k per year
- School districts have made extensive progress with the development of purchasing consortia such as ERAC and EDCO as well as local buying groups with neighboring municipalities and/or districts, yet opportunities exist to strengthen governance and processes that could yield even greater benefits to the sector
- To maximize savings, further consolidation of procurement spend should occur with a modified governance and delivery model
- Largest opportunity area is to increase use of strategic sourcing yielding benefits in the range of \$7M – \$18M

# Strategic sourcing opportunities: increasing p-card effectiveness and efficiency of existing consortia

- The following opportunities present the K-12 sector with the potential to generate savings and increased service delivery quality in the area of procurement and sourcing:

Opportunity	Description	Provincial Benefits		Provincial Implementation Costs		Tier
		Low	High	Low	High	
P-Cards	Consolidate districts to a single p-card	• R: \$0.06M		• OT: \$50k	• OT: \$200k	Tier 1
	Maximize p-card usage by bringing non-participating districts on board	• R: \$0.07M				Tier 1
Strategic Sourcing	Expand participation to 70% to 90% of non-participating districts	• R: \$0.8M	• R: \$1M through increased participation	• OT: \$500k • R: \$50k	• OT: \$1.5M • R: \$400k	Tier 1
	Increase percentage of contracted spend to benchmark levels for all districts now participating (i.e. new districts as well)	• R: \$5M	• R: \$7M for increasing overall spend			Tier 1
	Based on above increased spending, improve the benefits achieved through group procurement to benchmark levels and with the addition of new, currently unsupported categories <sup>1</sup>	• R: \$7M	• R: \$18M			Tier 1

<sup>1</sup> This opportunity reflects an extrapolation based on experience with similar projects and projects incremental savings of 3%-7% over existing savings on 12%-15% of the non-instructional spend  
OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – P-Cards

Current State						Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>P-cards are used by all but one in-scope district; eight of the districts are using the GVMPG card program, while one (Abbotsford) is on the provincial card program</li> <li>The scope of each district's program (i.e. how many were deployed and the range of categories) varies widely from district to district, with very little consistency between districts</li> <li>For districts using p-cards there are significant differences in the way their programs are managed; Adoption rates vary widely, as do implementation approaches including distribution, credit limits, categories and internal control measures as well as overall adherence to and enforcement of policies</li> <li>The provincial p-card program has better rates and overall terms than the Greater Vancouver Municipal Purchasing Group (GVMPG) program</li> </ul>						In-scope Districts	Recurring benefits ~\$0.06M
							Province-wide
Current Spend ('10/11 Actual)	In-Scope districts	~\$10M	Current Procurement FTEs ('10/11 Actuals)	In-Scope Districts	~13		
	Province-wide	~\$24M		Province-wide	~85		

#	Current Challenges	Leading Practices	Potential Opportunities
1	<ul style="list-style-type: none"> <li>P-Card spend is spread across at least two different programs, leading to a reduction in the potential rebates that could be earned</li> </ul>	<ul style="list-style-type: none"> <li>Rebates for a spend volume similar to that of the school districts combined with the Province are expected to range at least from 97 -116 basis points<sup>1</sup> (as opposed to 79-94bps returns on the existing GVMPG program)</li> </ul>	Consolidate districts to a single p-card
2	<ul style="list-style-type: none"> <li>Our analysis indicates approximately 21% of districts do not use p-cards from either of the above programs, potentially foregoing rebate benefits and increasing operational costs for POs/reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>Greater use of p-cards streamlines the administrative process and associated costs of managing small dollar spending, without a significant increase in effort on behalf of cardholders. A 2007 Aberdeen study suggests that a cost reduction of \$24.20 per transaction can be achieved by moving from PO transactions or invoice systems to p-card based payments</li> </ul>	Maximize p-card usage by bringing non-participating districts on board

Additional considerations and leading practices			
<ul style="list-style-type: none"> <li>Travel-cards (T-cards) could be a potential opportunity for school districts in conjunction with p-cards, as no such card exists and would provide options to customize cardholder liability, as well as provide travel cost tracking and support uniform reporting requirements</li> <li>School districts with more decentralized procurement models, have significant maverick spending outside contracted agreements. Smaller school districts exhibit more non-standard purchasing including several examples of ad hoc purchasing behaviour</li> <li>There is no standardization of p-card usage policies (i.e. thresholds limits, adjusting the pay period to maximize rebates, etc.)</li> </ul>			

<sup>1</sup> Deloitte experience and benchmarks in the Canadian market



# Opportunity Profile – P-Cards

#	Potential Opportunities	Provincial Benefits		Provincial Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Consolidate districts to a single p-card	<ul style="list-style-type: none"> <li>R: ~\$0.06M annual savings</li> </ul>	<ul style="list-style-type: none"> <li>Improved data accessibility and consistency on district purchasing</li> </ul>	<ul style="list-style-type: none"> <li>OT: \$25 - \$100K</li> <li>R: internal costs to coordinate between districts</li> <li>Internal district costs to carry project forward</li> </ul>	<ul style="list-style-type: none"> <li>Change management efforts required for school districts with highly decentralized spend</li> </ul>	Tier 1
2	Maximize p-card usage by bringing non-participating districts on board	<ul style="list-style-type: none"> <li>R: ~\$0.07M annual savings</li> </ul>	<ul style="list-style-type: none"> <li>Increased reporting quality with decreased administration required from web-based p-card reporting system</li> <li>Reduced burden on finance staff to produce and reconcile PO's</li> </ul>	<ul style="list-style-type: none"> <li>OT: \$25 - \$100K for a pilot project with one district to identify key categories for increased p-card (2-4 week advisory project)</li> <li>District internal costs of &lt;.25 FTE for 4-8 weeks to update p-card guidelines, communicate within districts and develop new policy</li> </ul>	<ul style="list-style-type: none"> <li>Reporting format and available detail may change depending on p-card vendor</li> </ul>	Tier 1

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – P-Cards

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• P-Card standardization is relatively simple and would not require a new or formal governance structure to be developed; however, it will require a central group to manage it for a transitional time period</li> <li>• Given the existing presence of BCASBO across all districts and the relatively simple implementation requirements, this seems a logical group to champion the effort</li> <li>• A sub-committee of BCASBO could leverage resources within their districts to provide the necessary analysis between card programs and submit a recommendation back to the broader executive</li> </ul>	<p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Lack of controls or policies in some districts may increase financial risk if p-cards are implemented more broadly</li> <li>• Perception of reconciliation requirement (i.e. opposite of purpose of p-cards) may outweigh benefits could reduce uptake or support of program</li> <li>• Decentralized spending culture in some districts may reduce uptake or support of program</li> </ul> <p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• For implementation to be most effective, it is recommended that the BCASBO committee:               <ul style="list-style-type: none"> <li>• Research the top yield p-card and manage transition from use of existing p-card to one yielding a better overall benefit (rebate + terms)</li> <li>• Determine recommendations for p-card usage policies (e.g. thresholds, number of p-cards issued, employee categories) to provide as leading practices for districts to then incorporate into their respective operations</li> <li>• Be the central communication point for p-cards (i.e. engage with districts that are not using p-cards and help them join the p-card program)</li> </ul> </li> <li>• May be an opportunity to be expanded to include non-public schools (First Nation band schools, private schools) in the future</li> </ul>
Key Decisions	
<p style="text-align: center;"><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>• To enable the remaining districts in the K-12 sector to join the provincial program</li> </ul>	<p style="text-align: center;"><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>• To support the transition to a single p-card</li> <li>• Incur switching costs for incremental benefit</li> </ul>

# Opportunity Profile – P-Cards

Analysis summary	
<b>Analysis</b>	<ul style="list-style-type: none"><li>• Districts use one of two p-cards issued through either the GVMPG consortium or the province</li><li>• The first part of the analysis evaluated consolidating the existing GVMPG participating district spend (0.86%) to the provincial p-card (1.16%)</li><li>• The second step of this analysis evaluates the incremental benefit of increasing participation to include non-participating districts at the higher rebate level (1.16%)</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>• Overall procurement spend was estimated using the total non-instructional spend (province data)</li><li>• Estimated procurement spend for districts out-of-scope was based on the proportion of students</li><li>• Provincial p-card terms were assumed to be the same as the GVMPG card</li><li>• The analysis assumes cost savings or avoidance from the reduction of POs, cheques or manual reimbursements that are performed. It is highly unlikely these costs can be harvested as savings, but rather it will create time savings for alternate finance functions to be performed</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>• P-card usage benchmarks were based on the GVMPG consortium provided spend and rebate rate data; BC School District Revenue and Expenditure Tables provided procurement spend data</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>• Benefits for consolidating p-cards to the provincial deal, and increasing participation to the entire province are estimated to be \$0.1M</li><li>• Irrespective of other procurement process changes, simply switching all districts to the provincial program would provide benefits of approximately 30 bps (86 → 116 bps) of total spend for approximately 60% of all districts and the full 116 bps of total spend for approximately 20% of all districts</li></ul>

# Opportunity Profile – Strategic Sourcing

Current State				Opportunity Potential (\$)											
<ul style="list-style-type: none"> <li>Procurement and sourcing represent a successful example of cross-district (and industry) collaboration as part of the current state with multiple consortia in existence and a sizeable portion of the spend under contract</li> <li>Procurement practices vary with school district size; larger districts tend to centralize and standardize procurement, while smaller districts are more decentralized at the school or even teacher level</li> <li>Of the main consortia, ERAC (educational supplies, materials and software) has the highest participation rate with 59 out of 60 school districts participating with a 'pay to participate' model with a paid staff that adds contractors (teachers) as needed to determine requirements for new products; As ERAC appears successful it has not been the focus of our assessment</li> <li>EDCO (wide range of commodities) represents the next largest consortium and represents 15 out of 60 school districts and approximately 50% of the province by student population or spend. EDCO is a volunteer organization staffed by participating members who share responsibility for negotiating contracts on behalf of the other members</li> <li>Some services are also jointly procured with Shared Services BC, the most notable being telecommunications services</li> <li>Some smaller, non-participating, school districts are leveraging expertise in consortiums such as EDCO as they do not have sufficient internal capacity or knowledge in the procurement space</li> <li>Lastly, purchasing power is diluted within individual categories of spend due to lack of standardized procurement requirements across the education sector (i.e. multiple versions of nearly identical products are purchased)</li> </ul>				<b>In-Scope Districts</b>	Recurring benefits ~\$1M – \$4M										
					<b>Province-wide</b>	Recurring benefits ~\$7M – \$18M									
<table border="1"> <thead> <tr> <th>Current Spend ('10/11 Actual)</th> <th>In-Scope districts</th> <th>~\$364M</th> <th>Current FTE ('10/11 Actuals)</th> <th>In-Scope Districts</th> <th>~13</th> </tr> </thead> <tbody> <tr> <td></td> <th>Province-wide</th> <td>~\$916M</td> <td></td> <th>Province-wide</th> <td>~85</td> </tr> </tbody> </table>		Current Spend ('10/11 Actual)	In-Scope districts	~\$364M		Current FTE ('10/11 Actuals)	In-Scope Districts	~13		Province-wide	~\$916M		Province-wide	~85	
Current Spend ('10/11 Actual)	In-Scope districts	~\$364M	Current FTE ('10/11 Actuals)	In-Scope Districts	~13										
	Province-wide	~\$916M		Province-wide	~85										
#	Current Challenges	Leading Practices	Potential Opportunities												
3	<ul style="list-style-type: none"> <li>EDCO's scope membership is limited to the Lower Mainland districts, leaving a large portion of the province to procure individually or to duplicate efforts with other local authorities</li> <li>Participation in EDCO is voluntary and spend volumes are not required to be committed volumes; so the full spend is not consolidated as some districts may not participate in all areas and contracts will not achieve maximum benefits because vendors do not have committed volumes upon which to offer their best pricing</li> </ul>	<ul style="list-style-type: none"> <li>Educational Data Services, Inc. (EDS) services with contract fee 214 New Jersey school districts for school supplies in 14 categories for 1200 commonly purchased items; this has resulted in prices 20% lower than the state contract and 50% lower than retail. System integration keeps EDS software aligned to school district purchase orders and procedures<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Improve the benefits of group buying through increased participation and increased overall spend through EDCO</li> <li>Create a stand alone procurement entity as a shared service for all districts</li> </ul>												
4	<ul style="list-style-type: none"> <li>Purchasing power is diluted within individual categories of spend due to lack of standardized procurement requirements across the education sector</li> </ul>	<ul style="list-style-type: none"> <li>Pittsgrove Township services 80-90 New Jersey school districts to purchase paper and materials, prepare quotes, specifications and bid documents, and managing vendor relationships. Vendors in the joint purchasing arrangement have guaranteed prices at least 10% less than the state contract price<sup>1</sup></li> <li>The Ontario School Board estimated to save an incremental 4-7% (\$140-\$250M) across top spending categories through assessment of specific purchasing categories and creation of a Group Purchasing Organization to handle these responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Improve savings through reevaluation of major spend categories</li> </ul>												
Additional considerations and leading practices															
<ul style="list-style-type: none"> <li>Surrey has been working to standardize purchasing across the district with the goal to deliver to the end user the most cost and utilization effective product (i.e. same chairs across school district)</li> </ul>															

<sup>1</sup> Data Sources: Catalogue of Shared Services Best Practices

# Opportunity Profile – Strategic Sourcing

#	Potential Opportunities	Provincial Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
3	<ul style="list-style-type: none"> <li>Expand participation to 70% to 90% of non-participating districts</li> <li>Increase percentage of contracted spend to benchmark levels for all districts now participating (i.e. new districts as well)</li> </ul>	<ul style="list-style-type: none"> <li>R: ~ \$0.8M – \$1.0M through increased participation and target level of spend for districts not using EDCO</li> <li>R: ~ \$5M – \$7M for increasing overall spend through EDCO</li> </ul>	<ul style="list-style-type: none"> <li>Increased purchasing power for better negotiated future contract rates</li> <li>Reduced administrative overhead</li> </ul>	<ul style="list-style-type: none"> <li>1 to 2 FTE to work with districts to transition their spending to EDCO contracts</li> <li>Internal district costs to improve procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>Effort required to communicate to districts about consortium</li> </ul>	Tier 1
4	<ul style="list-style-type: none"> <li>Improve savings through evaluation of major spend categories, including further consolidation of existing categories and the addition of new, currently unsupported categories<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>R: ~ \$7M – \$18M</li> </ul>	<ul style="list-style-type: none"> <li>Reduced overhead costs from each district replicating a product category's requirements gathering process</li> <li>Higher consistency in requirements</li> <li>Increased buying power with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>OT: \$.5M - \$1.5M</li> <li>FTE costs for time estimate to do evaluation</li> <li>R: \$50k - \$400k (1-5 FTE plus space and admin)<sup>2</sup> for centralized procurement entity</li> </ul>	<ul style="list-style-type: none"> <li>Resource time required to consolidate spend categories and requirements</li> <li>Process redesign, change mgmt. and implementation time within districts</li> </ul>	Tier 1

<sup>1</sup> In this analysis, two major categories of spend were evaluated (classroom supplies and stationery supplies), with benchmarks for cost savings developed from industry benchmarks

<sup>2</sup> While these are recurring costs, they are **not** incremental costs to the sector; this cost represents the estimated cost of the procurement group, that should displace an equal or greater amount of work in districts.

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – Strategic Sourcing

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>The opportunity to improve benefits from the EDCO consortium can be accomplished by increasing the districts participating in EDCO, the number of categories managed by EDCO, the quality of the contracts (i.e. negotiate better deals) or a combination of all three in a centralized, shared purchasing function</li> <li>The current state for ERAC appears to be functioning well and is serving virtually the whole province, so to avoid additional complication we recommend keeping ERAC out of scope for the current time</li> </ul> <p>Centralized purchasing organization:</p> <ul style="list-style-type: none"> <li>A shared services model where the functions of EDCO are centralized into a single organization would provide increased savings to the sector</li> <li>The model could be similar to the existing ERAC structure, including all current categories and expanded to new categories based on analysis</li> <li>The shared service could function as a managed service, staffed by full time procurement professionals who may be net new hires or be seconded from a number of districts</li> <li>Funding, as in the ERAC model, could come from districts paying a user fee for participation based on their volume, spend or other equalizing metric, however it's critical that the organization have the ability to negotiate on behalf of districts, with procurement spend volumes</li> <li>Additional information can be found on the following slide</li> </ul> <p>If the above end-state is not feasible or in the interim before it is fully operational, benefits could be achieved by increasing the EDCO spend:</p> <ul style="list-style-type: none"> <li>For participating districts, additional effort to direct the maximal amount of spend through the contracted vendors will increase overall savings</li> <li>For districts not currently participating in EDCO, benefits can be obtained by leveraging existing contracts; governance is simply working with the procurement leaders (either the ST or their delegate) to contact the category leader in EDCO</li> </ul>	<p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>If districts perceive a loss of autonomy or control through centralization as a risk to their ability to delivery services, it is unlikely they will participate or maintain participation which will decrease overall purchasing power and effectiveness. Effective change management and clear demonstration of benefits is required to manage this risk</li> <li>There is wide range of different cultures across districts, even within the pilot group; successfully implementing any of these changes will require effective change management as well as a clear commitment from leadership to sustain the change</li> <li>Larger districts may have, or believe they have, less to benefit by participating and therefore be less willing to contribute resources or their spend to the project. The lack of a few key districts' participation poses a significant and key risk for maximizing volume and price leverage with suppliers</li> </ul> <p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Strong executive support from within school districts will be required to enable the group purchasing entity to be maximally effective. This will require districts to establish and enforce procurement policies that may be quite different from the status quo</li> <li>The new model, should extensively leverage what is already in place (i.e. EDCO, ERAC, GVMPG participation) and use this as a base to improve and expand procurement services</li> <li>Next steps for the centralized procurement entity includes:             <ul style="list-style-type: none"> <li>Engaging in a detailed spend analysis across all school districts and determine categories of spend</li> <li>Considering expansion strategies to increase participation (i.e. include higher education institutions to increase scale and therefore rebate levels)</li> </ul> </li> </ul>
Key Decisions	
Ministry Decisions	School District Decisions
<ul style="list-style-type: none"> <li>If seed funding is required to help establish the new organization</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to participate in a shared service model</li> <li>Commit resources (people, space or funding) to a managed procurement function</li> </ul>

# Creating a shared procurement function has the potential to provide significant benefits to the sector

To fully achieve benefits from strategic sourcing, the K-12 sector should consider establishing a shared procurement function

## Savings estimation:

- This analysis recognizes savings already have been achieved through shared procurement practices, but based on Deloitte experience an additional 3% - 7% savings could be delivered across a range of categories
- If the proportion of spend under contract is increased to 12% to 15% of procurement spending, the annual savings could range between **\$7M to \$18M** per year
- These benefits come from further aggregating volumes and the resulting increased buyer power. A requirement to achieving this level of savings are firm purchase commitments from the participating districts

## Additional implementation considerations:

- A new centralized shared procurement function should initially focus on a small number (6-10) of high value categories and therefore require a small staff of 3-5 FTE, which would be expected to slowly grow over the subsequent 3-5 years as additional categories provided by the districts are analyzed and contracted
- The primary activities for this group would include:
  - Identify top 6-10 categories for review and negotiation through a detailed spend analysis on high potential categories
  - Implement new agreements for these categories
  - Develop and begin implementing a plan for full scope of categories to be managed
  - Develop a technology strategy plan to meet the operational needs in the long term
  - Evaluate potential sharing opportunities with other public sector shared services providers (province, health sector, universities) for contracts, technology, infrastructure
- With the initial priority on maximizing benefits to the districts with the largest proportion of spending (ie. 80/20 rule), it will be important to identify unique or incremental costs for remote, rural districts to enable these districts to make informed participation decisions

# Opportunity Profile – Strategic Sourcing

## Analysis summary

<b>Analysis</b>	<ul style="list-style-type: none"><li>• The analysis was performed in three steps<ul style="list-style-type: none"><li>• Increase overall participation in EDCO to 70-90% participation</li><li>• Increase overall spending under contract to benchmark levels (12% - 15%) of total spend (i.e. increasing amount of spend through EDCO at current savings level)</li><li>• Renegotiate key categories to drive higher savings, closer to benchmarks based on the prior two improvements</li></ul></li><li>• In the last step, actual savings data from Surrey was compared against benchmark rates to determine the incremental savings that can be expected from an increase in bargaining power and renegotiating key category contracts</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>• Spending patterns were based on Surrey’s expenditures and province-wide spending was assumed to be similar in profile</li><li>• Computer purchases are analyzed under IT opportunities, accordingly this category was excluded from the analysis</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>• Consortia utilization benchmarks were based on analysis from the Institute of Supply Chain Management at W.P. Carey School of Business at Arizona State University in a CAPS Research publication; savings rates were provided by EDCO; procurement spend was provided by each of the school districts and the province</li><li>• Consortia savings rate benchmarks were based off an analysis from the Institute of Supply Chain Management at W.P. Carey School of Business at Arizona State University in a CAPS Research publication; savings rates were provided by EDCO; procurement spend was provided by each of the school districts</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>• Benefits are estimated to be:<ul style="list-style-type: none"><li>• \$0.8M - \$1M for increased EDCO participation</li><li>• \$5M - \$7M through increasing spend to benchmark levels</li><li>• \$7M - \$18M by re-evaluating key category contracts and adding selected new categories</li></ul></li><li>• The range of benefits depends on whether the participation rate is 70% or 90%, and what level of additional savings are generated from new contracts (2.9% to 7.5%)</li></ul>



# Procurement opportunities no longer in scope

Area	Sub-Function	Opportunity	Reason
Procurement	Centre of Excellence	Create more centralized (regional) shared service delivery centres for procurement	Combined into a single, centralized office; satellite offices or staff could be incorporated remotely with a single entity
Procurement	Contract Management	Develop a procurement shared service for all 60 SDs to leverage	It was determined contract management was too narrow to justify its own organization; it could definitely be included in broader procurement shared service
Procurement	Strategic Sourcing	Explore value in a simplified, unified procurement platform for the majority of procurement spend	Complexity and cost of implementation across 60 disparate districts deemed too high for potential benefit return

- A number of initial opportunities were identified through primary research, district interviews and discussions with the steering committee
- These opportunities were evaluated and many were removed from the list for a variety of reasons including:
  - Steering committee guidance
  - Lack of a financial business case
  - Implementation was deemed overly complex

# Transportation Opportunities

# Summary of opportunities – transportation

#	Function	Sub-Function	Opportunities
1	Transportation	Student Transportation	Explore alternative service delivery for student transportation services to other providers (i.e. BC Transit, 3rd party)
2	Transportation	Procurement	Leverage existing BC Government fleet procurement contract to realize savings on White Fleet procurement
3	Transportation	Procurement	Consolidate fuel and petroleum spending (either provincially or regionally) to fewer vendors
4	Transportation	Centre of Expertise	Develop a transportation CoE to improve quality, consistency and efficiency of transportation service delivery

# Student transportation presents the largest potential benefit, followed by vehicle and fuel procurement

- The following opportunities present the K-12 sector with the potential to generate savings in the area of transportation service delivery and procurement:

Opportunity	Description	Provincial Benefits		Provincial Implementation Costs		Tier
		Low	High	Low	High	
Student Transportation	<ul style="list-style-type: none"> <li>Alternative service delivery models for student transportation</li> </ul>	<ul style="list-style-type: none"> <li>R: \$7M</li> </ul>	<ul style="list-style-type: none"> <li>R: \$32M</li> </ul>	<ul style="list-style-type: none"> <li>OT: Severance</li> <li>OT: Service delivery model redesign and procurement – \$0.5M-\$4.5M<sup>2</sup></li> <li>R: Contract management – 3-7% of total value annually</li> </ul>	Tier 3	
White Fleet Vehicle Procurement	<ul style="list-style-type: none"> <li>Leverage existing BC Government fleet procurement contract to realize savings on White Fleet procurement                             <ul style="list-style-type: none"> <li>For top 3 vehicle classes (represent 65% of fleet)</li> <li>Expand model to vehicle classes 4-10 as warranted after year 1</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>R: \$0.5M</li> </ul>	<ul style="list-style-type: none"> <li>R: \$0.7M</li> </ul>	<ul style="list-style-type: none"> <li>Very limited to no material costs</li> <li>OT: \$0 - \$20k<sup>2</sup></li> </ul>	Tier 1	
Fuel Purchasing	<ul style="list-style-type: none"> <li>Move to a provincial fuel procurement model that mirrors one of two current best practices</li> </ul>	<ul style="list-style-type: none"> <li>R: \$0.4M</li> </ul>	<ul style="list-style-type: none"> <li>R: \$0.8M</li> </ul>	<ul style="list-style-type: none"> <li>OT: \$50k - \$170k<sup>2</sup></li> </ul>	Tier 1	

<sup>2</sup> – Expressed over a three year time period

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Transportation service delivery models vary across districts yet present material savings opportunities

## Service Delivery:

- The transportation scope includes the operations and maintenance or procurement for
  - Student transportation (yellow fleet)
  - District fleet vehicles (white fleet)
  - Transportation fuel (gas/diesel)
- Student Transportation operates across the province through three service delivery models:
  - District provided service for both regular and special needs students
  - Contracted service delivery (at least 3 districts)
  - Limited to no student transportation service (but with special needs students' transportation)
- The potential benefits from using an alternative service delivery model for student transportation range from \$7M - \$32M

## White Fleet Procurement

- White fleet procurement and maintenance operations are done individually by districts
- Districts maintain varying sizes of internal vehicle fleets; reducing costs by leveraging the provincial fleet contract rates represents a relatively simple, low risk opportunity to reduce annual sector costs by \$0.5M - \$0.8M

## Transportation CoE

- There are a number of districts that demonstrate strong practices in their transportation delivery, however, there is no formal method of sharing and implementing these practices
- A transportation CoE could improve service delivery through a range of services including: route planning, driver and maintenance training, fuel optimization, scheduling and dispatch, maintenance optimization (e.g. PM programs, tire rotations, etc.)

# Opportunity Profile – Student Transportation

Current State				Opportunity Potential (\$)	
<p>Student transportation includes student transportation for all students (including special needs students) for to and from school provided by school districts</p> <ul style="list-style-type: none"> <li><b>Service Areas:</b> Overall student transportation is provided in more rural and remote districts at higher levels (i.e. more routes) than in urban districts where limited to no bussing is provided; all districts provide transportation for special needs students</li> <li><b>Service delivery model:</b> One district in our sample group (Maple Ridge) and at least two others (Prince George and Coquitlam) use contract service providers to deliver their services; the remaining majority of districts internally provide the full set of transportation services including driver training, fleet maintenance, route management (planning and dispatch)</li> <li><b>User Fees:</b> Districts vary in their use of and policy for charging fees for transportation</li> <li><b>Funding:</b> The province provides the capital for bus procurement through a centralized procurement vehicle, while the districts are responsible for the operational costs of providing bus services</li> <li><b>Operations:</b> <ul style="list-style-type: none"> <li><b>Route management</b> is handled manually or via routing software (VersaTrans or EduLog), and the majority of school districts have cited that routing for special needs transportation is done manually due to complexity</li> <li><b>Technology</b> use varies widely across districts, with a small number using software that minimizes effort for tracking pre and post trip inspections for drivers, is GPS enabled and can be tied in with maintenance and routing systems, such as VersaTrans, for a consolidated management tool for all bus operations</li> </ul> </li> </ul>				<b>In-scope Districts</b>	<p><b>OT benefits</b> Capital recovery of bus residual value</p> <p><b>Recurring benefits</b> ~\$2.8M to \$5M</p>
				<b>Province-wide</b>	<p><b>OT benefits</b> (Selling buses analysis – TBD)</p> <p><b>Recurring benefits:</b> <b>Districts:</b> \$7M - \$22M <b>Province:</b> ~\$10M <b>Total:</b> ~\$7M to \$32M</p>
<b>Current Spend ('10/11 Actual)</b>	<b>In-Scope districts</b>	~\$12M <sup>2</sup> / \$17M <sup>3</sup>	<b>Current FTE ('10/11 Actuals)</b>	<b>In-Scope Districts</b>	~120 (FT & PT)
	<b>Province-wide</b>	~\$89.1M		<b>Province-wide</b>	~760

#	Current Challenges	Leading Practices	Potential Opportunities
1	<ul style="list-style-type: none"> <li>Transportation costs continue rise (fuel prices) and transportation is no longer funded as an independent line item. Therefore districts need to assess overall demand for student transportation and balance it against other district priorities. Some districts charge user fees to help defray the overall costs of service</li> <li>Transportation departments generally do not have input or influence on bell times; route optimization, leading to cost savings could be realized with higher influence on bell times</li> </ul>	<ul style="list-style-type: none"> <li>Ontario has moved to a consortium model, with clear regulations and performance expectations</li> <li>Sussex County Regional Cooperative was first established by 14 school boards for special needs transportation and now has expanded to serve 92 new Jersey school boards transporting 9333 students<sup>1</sup> <ul style="list-style-type: none"> <li>Member boards have saved 50% of their previous transportation costs, and pay for the actual cost of transportation plus a 4% administrative fee</li> <li>Boards that wish to use a route provided by the cooperative are required to participate in the cooperative's joint transportation agreement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Explore alternative service delivery for student transportation services</li> </ul>

### Additional considerations and leading practices

- Good examples of Training (SD #33), Maintenance (SD #83) and other practices were noted in isolation across the in scope districts. However, these practices are not actively pushed out, accepted or incorporated province wide as there is no central decision making and standards and policy setting group

<sup>1</sup> Data Source: Catalogue of Shared Services Best Practices.pdf and <http://www.sussexcoop.org/about.html>  
<sup>2</sup> Self reported by districts. Amount is significantly lower than category 7.7 in financial statements;  
<sup>3</sup> This value = \$17M, therefore the above estimates represent a conservative estimate

# Opportunity Profile – Student Transportation

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	<ul style="list-style-type: none"> <li>Explore alternative service delivery for student transportation services</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$7M to \$32M</li> </ul>	<ul style="list-style-type: none"> <li>In the mid to long term, there will be a significant reduction of management overhead</li> <li>Focus on core education activities</li> <li>Improved consistency of service delivery standards (e.g. training)</li> </ul>	<ul style="list-style-type: none"> <li>Severance costs</li> <li>Facility downsizing costs</li> <li>Contract management costs of approximately 3-7% of the total contract size (dependent on number of districts that choose to participate)</li> </ul>	<ul style="list-style-type: none"> <li>More structured service delivery – reduced flexibility</li> <li>Contract management requires new skills not currently resident in districts providing insourced service delivery</li> </ul>	Tier 3

# Opportunity Profile – Student Transportation

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>Two governance models would be feasible:               <ol style="list-style-type: none"> <li>Provincial model, where the contract is negotiated and managed provincially through a consolidated entity, representative of school districts</li> <li>Regional model, where similar geographies will consolidate representation (i.e. Fraser Valley) to procure under one contract for all services</li> </ol> </li> <li>It is anticipated that multiple vendors will be required to provide services across the province; final contract(s) should enable consistent pricing while maintaining reasonable and healthy competition in the market</li> </ul>	<ul style="list-style-type: none"> <li>Alternative service delivery models would need to be explored</li> <li>District buy-in is required for high adoption, and maximization of contract benefits</li> <li>Suppliers for student transportation must be available for handle volume of school districts</li> <li>Contracts with service providers will be required and coordinating and aligning these across the province</li> <li>If contract service provision is adopted, maintaining the relationship with the districts and ensuring successful training programs are included (e.g. teaching the drivers relationship skills that include positive discipline skills) will be critical to long term success</li> <li>Continuing to treat the school bus as an extension of the classroom will be an important concept to embed</li> </ul>
Key Decisions	
<p style="text-align: center;"><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>Voluntary participation rates may be low, thus there will need to be buy-in at the senior management level (Secretary-Treasurers and the Ministry of Education)</li> <li>Ministry mandate to stop providing student transportation may be required</li> <li>Funding transfer for bus capital costs to operating dollars in support of student transportation</li> </ul>	<p style="text-align: center;"><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>Districts to decide to harvest savings from ASD or maintaining their operations in-house</li> </ul>



# Opportunity Profile – Student Transportation

## Analysis summary

### Analysis

- The portion of the transportation budget dedicated to student transportation was divided by the number of routes and days per year to derive a daily cost per route
- A range of \$250 - \$350 was used to calculate a low and high limit for potential benefits. This range included the expected rate equal to Maple Ridge’s currently contracted rate
- Results were then extrapolated across all BC school districts on the basis of number of bus drivers in each school district

### Assumptions and Limitations

- One bus is assigned to each route
- Capital costs are borne by Province and are not reflected in district financial reports
- Maple Ridge’s contract rate is a reasonable proxy for other districts; this assumption would need to be further validated in a subsequent, more detailed analysis
- Out of scope districts have a similar bus profile
- Bus replacement or working life averages 10 years
- Days per year were calculated at 182.5
- Number of bus drivers in each district was used to estimate the total size of the provincial bussing program; this estimate was consistent with ad hoc comments by the transportation SMEs that there is approximately 1,000 buses in the provincial system
- There was a significant variance between district reported data and provincially reported data which demonstrates the need for additional, in depth analysis to validate these findings

### Data Sources

- Public financial reports; route data provided by school districts; bus driver data from EFMABC’s<sup>1</sup> Who’s Who

### Conclusion

- The analysis indicates projected savings range from \$7M-\$32M depending on the contract rate negotiated
- At the rate currently used by Maple Ridge, the potential savings would be \$18M
- Achieving these benefits will be subject to changing the current service delivery model, including reduced operating costs which may be difficult to obtain
- Estimates are conservative and additional savings can be anticipated as maintenance, intra-day transportation and administration savings were not factored into the analysis
- Achieving savings from this opportunity assumes the service is delivered by contract providers; further analysis will need to be conducted to assess the feasibility of this option within current operations and labour agreements

<sup>1</sup> Educational Facility Managers Association of British Columbia

# Opportunity Profile – Fleet Vehicle Purchasing and Consolidated Fuel Procurement

Current State				Opportunity Potential (\$)	
Vehicle procurement is divided into two primary categories. <ul style="list-style-type: none"> <li>School Buses (yellow fleet) are procured through a province wide standing order. It is believed that for the volume, the prices negotiated for this contract are competitive on a North American wide basis and are therefore not included in this opportunity</li> <li>Maintenance and district vehicles (white fleet) are procured independently by each district at prevailing market rates. The scope of procurement includes trucks, vans, cars through to special equipment (mowers, tractors, snowplows and trailers)</li> <li>Consumables are generally also procured individually, with some consortia buying for fuel and lubricants in the lower mainland through the GVMPPG; otherwise fuel and consumables (e.g. tires, parts, lubricants,...) are purchased individually</li> </ul>				<b>In-scope Districts</b>	Recurring benefits: <ul style="list-style-type: none"> <li>Fleet: ~\$0.2M</li> <li>Fuel: ~\$0.1M</li> </ul>
					<b>Province-wide</b>
<b>Current Spend ('10/11 Actual)</b>	<b>In-Scope districts</b>	Fleet - \$0.9M Fuel - \$3M	<b>Current FTE ('10/11 Actuals)</b>	<b>In-Scope Districts</b>	
	<b>Province-wide</b>	Fleet - \$3M Fuel - \$14M		<b>Province-wide</b>	n/a

#	Current Challenges	Leading Practices	Potential Opportunities
1 & 2	<ul style="list-style-type: none"> <li>Districts have a wide range of vehicle types in each class (Van, Truck, Car, etc.), so both procurement and operating costs are higher than if a more standardized fleet was procured</li> <li>Current white fleet procurement is done individually by each district; therefore not leveraging or benefiting from a consolidated spend</li> </ul>	<ul style="list-style-type: none"> <li>Consolidate fleets to as few vehicle platforms as possible and ideally as few different manufacturers as possible (pragmatically, some differences must exist – main truck/van manufacturers don't make lawn equipment or tractors)</li> <li>Commercial fleet vehicles are replaced on a schedule that is based on both time and mileage<sup>1</sup>. This typically ranges between 6-8 years</li> <li>Detailed maintenance records are maintained for each vehicle to track vehicle costs to identify performance issues and to quantify when vehicles should be replaced<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Leverage existing BC Government fleet procurement contract to realize savings on White Fleet procurement</li> </ul>
3	<ul style="list-style-type: none"> <li>The spend for fuel and other consumables is spread across a range of different procurement models; this leads to higher overall costs as the spend is not consolidated for best prices</li> </ul>		<ul style="list-style-type: none"> <li>Consolidate fuel and petroleum spending (either provincially or regionally) to fewer vendors</li> </ul>

### Additional considerations and leading practices

- Some smaller communities may not have access to service for a standardized vehicle choice ; for instance, where the preferred consortium supplier (i.e. GM/Ford) does not have a local presence for warranty, service or dealer support

<sup>1</sup> Deloitte transportation SMEs

# Opportunity Profile – Fleet Vehicle Purchasing and Consolidated Fuel Procurement

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	<ul style="list-style-type: none"> <li>Leverage existing BC Government fleet procurement contract to realize savings on White Fleet procurement</li> </ul>	<ul style="list-style-type: none"> <li>R: \$0.7M</li> </ul>	<ul style="list-style-type: none"> <li>Streamlined purchasing reduces transaction cost for districts</li> <li>Improved ability to make lower TCO decisions based on user experience and data</li> </ul>	<ul style="list-style-type: none"> <li>Very limited – Communication to districts and coordination with Ministry: estimate</li> <li>OT: estimated at \$20k</li> </ul>	<ul style="list-style-type: none"> <li>Loss of local investment where contract suppliers do not have market presence</li> </ul>	Tier 1 (immediate)
2	<ul style="list-style-type: none"> <li>Consolidate fuel and petroleum spending (either provincially or regionally) to fewer vendors</li> </ul>	<ul style="list-style-type: none"> <li>R: \$0.4M - \$0.8M</li> </ul>	<ul style="list-style-type: none"> <li>Reduced administration and overhead time to procure and manage fuel purchasing</li> </ul>	<ul style="list-style-type: none"> <li>OT: estimated \$50-\$170k to set up &amp; communicate contracts</li> </ul>	<ul style="list-style-type: none"> <li>Potential loss of revenue for some small market suppliers</li> </ul>	Tier 1

# Opportunity Profile – Fleet Vehicle Purchasing and Consolidated Fuel Procurement

Future State Governance Model	Implementation Risks and Considerations
<p><b>Fleet Vehicles:</b></p> <ul style="list-style-type: none"> <li>In the immediate term:               <ul style="list-style-type: none"> <li>The Ministry of Education is best positioned to coordinate on behalf of districts to have the provincial fleet procurement extended to school districts and then communicate the required discount code and purchase process to districts</li> <li>Districts are then free to procure vehicles as needed using the established process and dealer discount code</li> <li>An alternative structure would use ASTSBC as the central connection between SSBC and the districts</li> </ul> </li> <li>Once established the procurement CoE would be the ideal group to manage the relationship and interactions between the districts and ministry</li> </ul> <p><b>Fuel:</b></p> <ul style="list-style-type: none"> <li>A central organization, ideally the proposed procurement CoE, would be required to establish fuel contracts on behalf of districts</li> <li>At this time it is unclear if a single provincial deal is practical or if several regional deals will be required.</li> <li>The model will need to be flexible enough to work for the majority of districts by purchase volume and to find creative solutions for districts not well served by the retailers.</li> </ul>	<p><b>Fleet Vehicles:</b></p> <ul style="list-style-type: none"> <li>To be most efficient and maximize the discounts available, districts will need to commit to a minimum purchase volume; this is not anticipated to be onerous as districts already have access to vehicle age and condition and could base minimum volume commitments on this data</li> <li>Although not part of this analysis, it is expected that with higher standardization of vehicles, additional savings could be found with a consolidated parts contract with both the dealers and OEM suppliers</li> </ul> <p><b>Fuel:</b></p> <ul style="list-style-type: none"> <li>Fuel procurement would ideally be delivered by the proposed shared procurement CoE</li> <li>Contracts that provide maximum flexibility for districts are critical and must consider all service options (retail, cardlock, bulk delivery and direct fueling)</li> <li>Geography and availability of service are two key factors that must be considered before establishing a fuel contract</li> <li>For districts that cover large geographies, contracts must be flexible enough to prevent the need to move vehicles long distances for refueling</li> <li>For some districts, availability of service providers may restrict the benefits of a standard contract. Districts who do not have service availability from the contracted provider, should be supported to negotiate the best possible contract in their region, potentially partnering with other public sector entities (e.g. municipalities)</li> </ul>
Key Decisions	
<p style="text-align: center;"><b>Ministry Decisions</b></p> <p><b>Vehicles:</b></p> <ul style="list-style-type: none"> <li>The ministry / province needs to be willing to commit the resources to managing any potential challenges in adding school districts to the existing fleet procurement contract</li> </ul> <p><b>Fuel</b></p> <ul style="list-style-type: none"> <li>Level of involvement, if any, to support a province wide fuel purchasing deal</li> </ul>	<p style="text-align: center;"><b>School District Decisions</b></p> <p><b>Vehicles:</b></p> <ul style="list-style-type: none"> <li>Districts will need to narrow, and in some cases switch, their brands/types/models for vehicles to align with the provincial offering. This means a transition period</li> <li>Districts need to be willing/able to move to a narrower set of suppliers and be committed for a defined time period</li> </ul> <p><b>Fuel</b></p> <ul style="list-style-type: none"> <li>Change existing policies and procedures where the new deal requires different suppliers or vendors be used</li> </ul>

# Opportunity Profile – Fleet Vehicle Purchasing

## Analysis summary

### Analysis

- The in-scope districts provided a listing of their current fleet vehicles, which was used to segment vehicles into categories. The top three categories (vans, trucks, cube vans) comprised approximately 2/3 of all vehicles, while the remaining 1/3 was comprised of a further 8+ categories. Buses were excluded because of the existing procurement arrangement with the province
- Vehicle numbers for the province were then extrapolated based on the districts' student population
- Current prices were estimated using data from the three U.S. manufacturers websites and included any available promotions or discounts that were available in May 2012
- Future state fleet prices were estimated using discounts provided by SSBC and Deloitte experience for similar fleet vehicles in the Canadian market
- The difference between the MSRP less discounts price and fleet pricing was then calculated and applied to annual purchase volumes
- Annual volumes were calculated using a 10 year vehicle replacement cycle (see note below)

### Assumptions and Limitations

- Average fleet lifecycle is 10 years, which is about two to four years longer than industry standard; It should be noted the total cost of ownership for these vehicles may be higher than if using a shorter replacement cycle
- Pickup trucks are assumed to be evenly split amongst light-duty, medium-duty and heavy-duty
- Districts current costs for vehicles is equivalent to the best available price in the market including any available retail discounts or sale prices; this analysis used current pricing as of May 2012 to establish expected current state costs for the noted vehicle classes
- Residual values of the vehicles will be unchanged at time of disposition
- Cargo van pricing was used for cube vans as pricing information was not available

### Data Sources

- Current fleet numbers from school districts; average MSRP, inclusive of fees and discounts, from the Ford, General Motors, and Chrysler websites; fleet discount benchmarks from Deloitte project experience, supplemented by current provincial rebates for some categories

### Conclusion

- The analysis indicates projected savings of approximately \$0.6M
- Only cargo vans, pick-ups and cube vans were included in the analysis. Estimates are conservative and additional savings can be anticipated from vehicle categories not included in the analysis
- Additional savings could be found by further consolidating and standardizing the purchase of lower volume vehicles (lifts, dump trucks, maintenance equipment, mowers, tractors, etc.) as well as group buying for outfitting trades vehicles which can exceed the actual vehicle costs

# Opportunity Profile – Consolidated Fuel Procurement

## Analysis summary

### Analysis

- Analysis focused on diesel and gasoline which accounts for approximately 88%<sup>1</sup> of the consumed fuel
- The fuel prices from the BCPPBG fuel purchase consortium and SD83's privately negotiated discount were compared to average 2011 fuel prices<sup>2</sup> to derive the savings margin had fuel been purchased using these negotiated discounts
- This savings margin was then extrapolated across actual fuel consumed<sup>1</sup> through 2011 to arrive at the estimated savings for the year
- 26% of school districts already use fuel purchase consortiums; their existing savings were factored out of the analysis

### Assumptions and Limitations

- Districts not using the BCPPBG fuel consortium do not participate in a purchasing consortia for fuel
- BC Government fuel contract was noted to provide less savings than BCPPBG savings, thus was not deemed to be relevant in the savings analysis
- Discounts are expressed in two ways, either as a percentage of spend or cents per litre. Therefore, the percentage discount can change with fluctuations in the price of fuel. For consistency in this analysis, 2011 fuel prices were selected

### Data Sources

- 2011 average fuel price from Natural Resources Canada; discount pricing obtained directly from the consortiums/contracts; fuel consumption information from the Province

### Conclusion

- The analysis indicates projected savings ranging from \$0.4M-\$1M depending on the reference price
- Estimates are conservative and additional savings can be anticipated from other fuel category purchases such as propane, B5, B100, etc. which are not factored in this analysis and account for the remaining 12% of spend
- Natural gas and heating oil were excluded from this analysis and warrant subsequent review

<sup>1</sup> Provided by M. of Ed. "School district emissions for 2010 and 2011- as of March 15, 2012"

<sup>2</sup> Government of Canada - <http://www.nrcan.gc.ca/energy/sources/petroleum-crude-prices/gazoline-reports/2012-01-13/2080>

# A transportation CoE would enable improved service delivery for the K-12 sector

## Good practices exist across the districts, but are not “pulled together” effectively

- In our review of districts, we noted a number of good practices in how transportation services are delivered (examples include software based route planning, GPS enabled vehicles, integration between transportation and maintenance systems, multiple maintenance practices, training) that in aggregate would form a strong base for high quality, efficient transportation service delivery
- The logical organization, ASTSBC, enables some sharing of information, but lacks a formal governance relationship with the districts to formalize or direct changes to current practice

**Establishing a transportation CoE** would enable districts improved ability to leverage and implement the knowledge and best practices within the sector

The CoE could provide both SME support for districts as well as directly deliver selected <b>services</b>	There are several possible <b>governance</b> models that could function regionally or as a single provincial entity
<ul style="list-style-type: none"><li>• Route planning and management could be delivered from the CoE, while dispatch would remain within districts</li><li>• Maintenance planning and scheduling</li><li>• The design and delivery of driver and mechanic training programs</li><li>• Operational efficiency activities (i.e. fuel savings programs, tire rotation schedules)</li><li>• Contract management and procurement (vehicles, consumables, services)</li><li>• Set overall policy with minimum standards for operations (districts would be free to exceed as needed and assuming a viable business case existed)</li></ul>	<ul style="list-style-type: none"><li>• As an extension of the ASTSBC, with increased the mandate to deliver the above services, funding would effectively remain a is, with ‘voluntary’ efforts by members</li><li>• Created as a new, stand alone entity, with seconded or newly hired staff funded by the districts either through an increased fee on bus procurements or through a membership fee (similar to ERAC)</li><li>• Established as an extension of several existing districts who provide their resources; funding could be any of the above options</li></ul>

# Piloting the CoE would allow benefits to be proven before expanding across the province

- To test the CoE concept and quantify the potential benefits, a pilot could be established with a group of districts in a common geographic region
  - The duration for the pilot would need to be long enough to establish current performance baselines, begin to implement improvements and provide enough time for benefits to be realized and data to be tracked
  - It is estimated this would require at least a 2 year commitment
  - Specific practices that would be tested include:
    - Optimization of maintenance programs
    - Route planning and optimization
    - Driver training, particularly for fuel efficient operations
- Implementation Considerations:
  - Individual participating districts labour agreements would require review for potential obstacles
  - Choosing the right districts to participate; the recommendation is piloting this in the Central Okanagan run by school district 83 with three to five neighboring districts
  - In order to evaluate the pilot's success, it is critical to establish success criteria and key metrics for improvement that can be quantified
  - The end goal of the CoE pilot is to:
    - Prove (or disprove) the model works for finding savings
    - Develop key lesson's learned that can be used to improve the model as it is expanded
    - Determine the optimum model for delivery to the province
      - Replicated but connected CoEs in each region
      - A single, centralized CoE that provides the scope of services on a province wide basis



## Several of the initial transportation opportunities did warrant further analysis

Area	Sub-Function	Opportunity	Reason
Transportation	Vehicle Acquisition and Maintenance (Operations/Maintenance)	Driver training standardization and leverage through Translink and existing national energy programs	Training would fall within the scope of the CoE
Transportation	Vehicle Acquisition and Maintenance (Operations/Maintenance)	Consolidate leading practices for fleet vehicle maintenance & operations and distribute to all SDs. This should include the key data and how best to obtain, monitor and report on it	Maintenance would fall within the scope of the CoE
Transportation	Vehicle Acquisition and Maintenance (Operations/Maintenance)	Use external providers for vehicle maintenance	Preliminary analysis shows district service delivery to be ~25% more cost effective (see appendix)
Transportation	Scheduling & Route management	Include route modeling software as a shared platform across the province in the COE	Falls within scope of the CoE
Transportation	Scheduling & Route management	Follow the standing order model (or other procurement tool) to create a price list for districts to obtain charter services	Falls within scope of the CoE
Transportation	Scheduling & Route management	Regional approach for similar geographies to increase overall size, efficiency and cost savings of the transportation function	Falls within scope of the CoE
Transportation	Vehicle Acquisition & Maintenance (Acquisition)	Expand current procurement model to Alta or even more broadly under NWP for even greater purchasing power with bus and vehicle companies	Already in progress with ASTSBC and Ministry
Transportation	Vehicle Acquisition and Maintenance (Operations/Maintenance)	Create shared, pooled or other alignment with public transit maintenance operations and for "white fleet" with municipal operations	Project decision to not engage with Transit at this time. CoE could engage with Transit in the future.
Transportation	Vehicle Acquisition and Maintenance (Operations/Maintenance)	Standardize the use of GPS on buses for tracking, route optimization and maintenance	Falls into/under COE as a good practice
Transportation	Scheduling & Route management	Develop a centralized clearing house/marketplace for managing excess or spare capacity vehicles	Determined to be too difficult and complex to operationalize
Transportation	Scheduling & Route management	Develop/Create a COE for measuring and improving overall transportation efficiency	Falls within scope of the CoE

# Facilities Opportunities

# Opportunities in the facilities functional area are driven by moving productivity closer to established benchmarks

- The opportunities for facilities and capital management/delivery represent the largest opportunity areas for the K-12 sector
- Capital projects opportunities involve delivery of capital projects using new design, development and funding models including:
  - Finding ways to make school design and development more repeatable
  - Bundling projects into larger tranches of work
  - Managing capital projects through a centralized office that can provide the necessary expertise and support
- Overall capital management opportunity is in the range of \$50M to \$150M for the seismic program and from \$25M to \$120M for using a more standardized school design and development approach
- Increasing the productivity of the current facilities management functions of maintenance and custodial services to industry and provincial productivity benchmarks for similar services presents a significant opportunity
- Achieving productivity consistent with industry benchmarks for facilities management could result in savings from \$60M to \$150M
- Note: we did not have sufficient data to include grounds maintenance in the calculation, so it has been excluded from the cost, benefit and benchmark values; however Deloitte believes it would strengthen the ultimate business case

# The facilities area presents five opportunities in capital and facilities management that warrant further exploration

Opportunity	Description	Provincial Benefits		Provincial Implementation Costs		Tier
		Low	High	Low	High	
Capital program management and delivery	Bundle projects into larger tranches (e.g. Seismic) Savings range estimate 5%-15% <sup>1</sup> of original spend	• \$50M total over next 10 years	• \$150M total over next 10 years	• OT/R: Program office set up and ongoing costs	• R: \$400K - \$600K+	Tier 2
	Adopt a model of common school design and development, as opposed to single, independent projects <sup>2,3</sup>	Projected Spend over next 5 years • \$25M	Projected Spend over next 5 years • \$120M	• Staffing costs for capital office, 3-5 FTE to start, plus admin support and overhead costs; increase as justified over time with as assumed \$100k cost/FTE		Tier 2
	PPP funding and maintenance model	• Alberta's ASAP yielded \$105M or 29% on a \$358M project		• OT: Stakeholder engagement program to establish common requirements		Tier 2
Facilities Management (FM)	Increase productivity to comparable sector benchmarks	• R: \$60M <sup>4</sup>	• R: \$150M	• OT: \$2M - \$6.5M (over 3 yrs)	• R: 3-7% contract management	Tier 3

<sup>1</sup> SME estimates; and Source: Economist (Economist Intelligence Unit, "Economies of Scale: How the oil and gas industry cuts costs through replication", 2011)

<sup>2</sup> Districts estimated savings from repeating designs in succession at approximately 15%; it was noted that the savings were typically reinvested in upgrades to the second school

<sup>3</sup> Range is 15% of the average costs for an elementary and secondary school based on 2011/12 data: Source - Ministry of Education data

<sup>4</sup> The low value of \$60M is based on staff working to productivity benchmarks (area managed per FTE), based on the most conservative estimate of total provincial FTEs

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – Capital Projects

Current State			Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>While new school development has slowed in the last 2-5 years, the current estimate for new development is 37 schools (ministry estimate)</li> <li>In addition, the other major capital program includes an estimated \$1 billion for seismic upgrades. Combined this represents a future spend of between \$1.5 to \$1.8B in the next 5-10 years</li> <li>For capital planning and development, there is a wide range of experience levels within the districts</li> <li>Surrey acts as an unofficial centre of excellence, by providing support and advisory service to some other districts</li> <li>Surrey’s continued growth has allowed the development of a Construction and Maintenance division that has enabled increased efficiency, replicable processes, standardized projects and well established project management methods</li> <li>Capacity for large project procurement and delivery is limited in smaller and slower/no growth districts</li> </ul>			<b>Province-wide</b>	OT benefits: <ul style="list-style-type: none"> <li>\$50M - \$150M (bundling seismic)</li> <li>\$25M - \$120M (common school development)</li> </ul>
#	Current Challenges	Leading Practices		Potential Opportunities
1	<ul style="list-style-type: none"> <li>School projects (new or replacement) are managed as singular, individual projects which do not benefit from economies of scale, consolidated procurement efficiencies or higher competition among bidders</li> </ul>	<ul style="list-style-type: none"> <li>Projects are bundled together to leverage reduced procurement costs, increased competitiveness by bidders and increased delivery efficiencies and economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Bundle projects into larger tranches to reduce costs and create a more competitive procurement process; this can include new schools, replacement schools, and seismic upgrade projects</li> </ul>	
	<ul style="list-style-type: none"> <li>Projects may cost more to deliver because some districts lack the experience and the skills required to manage large scale construction projects</li> </ul>		<ul style="list-style-type: none"> <li>Develop a capital management CoE to provide SME support and direction</li> </ul>	

# Opportunity Profile – Capital Projects Cont.

#	Current Challenges	Leading Practices	Potential Opportunities
2	<ul style="list-style-type: none"> <li>Building non-standardized, unique schools drive up capital and long term operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Develop a standard design, that is flexible enough to allow for variation in final size, site condition and local code requirements and fully meet the requirements for modern learning environments (Source: Alberta core school design program)</li> </ul>	<ul style="list-style-type: none"> <li>Adopt common school design and development practices model to re-use and tailor for new projects</li> </ul>
3	<ul style="list-style-type: none"> <li>The education sector needs to be as efficient as possible (similar to all sectors) deploying capital dollars for new school construction, replacement schools and seismic upgrade projects and then managing the long term operating costs for these assets</li> </ul>	<ul style="list-style-type: none"> <li>Use the private sector to reduce costs and manage risks through alternative funding and delivery models</li> </ul>	<ul style="list-style-type: none"> <li>Where value for money provides a positive benefit, use a PPP model with long term maintenance and operations included as one fixed price for new capital projects</li> </ul>
4	<ul style="list-style-type: none"> <li>The approach to managing seismic upgrade projects as unique events as opposed to a series of similar projects fails to capture any potential synergy between projects within a district or across a group of districts</li> </ul>	<ul style="list-style-type: none"> <li>Projects are bundled together to leverage reduced procurement costs, increased competitiveness by bidders and increased delivery efficiencies and economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Bundle projects into larger tranches to reduce costs and create a more competitive procurement process; this can include new schools, replacement schools, and seismic upgrades</li> </ul>

# Opportunity Profile – Capital Projects

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Bundle projects into larger tranches to reduce costs and create a more competitive procurement process; this can include new schools, replacement schools, and seismic upgrades programs	<ul style="list-style-type: none"> <li>R: Estimated savings of \$50M - \$150M )</li> </ul>	<ul style="list-style-type: none"> <li>Reduced procurement costs</li> <li>Vendors can be more cost competitive</li> <li>Higher consistency of work</li> <li>Increased skillsets and depth of expertise</li> <li>Synergy across projects</li> </ul>	<ul style="list-style-type: none"> <li>Establishing and maintaining a capital management office with seconded staff</li> <li>Facility costs (i.e. space)</li> <li>R: \$400K - \$600K+</li> </ul>	<ul style="list-style-type: none"> <li>Reduced local control</li> <li>Reduced local participation by contractors</li> </ul>	Tier 2
2	Adopt a common school design model to re-use and tailor for new infrastructure projects	<ul style="list-style-type: none"> <li>R: \$25M - \$120M on projected spend</li> </ul>	<ul style="list-style-type: none"> <li>A high proportion of the design can be reused, reducing up front fees and improving building speed</li> <li>Greater cost certainty</li> <li>Lower risk from lesson's learned</li> </ul>	<ul style="list-style-type: none"> <li>Costs for a team (size TBD in subsequent analysis) to manage requirements gathering, design, consultation, stakeholder engagement and project oversight</li> </ul>	<ul style="list-style-type: none"> <li>If not thoughtfully customized, buildings can take on an institutional appearance, nor support education plan &amp; personalized learning</li> </ul>	Tier 2
3	Adopt a private/alternative funding model for capital infrastructure projects that may include both the building development with the long term maintenance	<ul style="list-style-type: none"> <li>R: \$100M+</li> <li>Alberta realized 29% savings on their most recent ASAP II program</li> </ul>	<ul style="list-style-type: none"> <li>Reuse of procurement processes</li> <li>Higher quality resulting from long term investment approach</li> </ul>	<ul style="list-style-type: none"> <li>Contract set up and management costs (estimated 2-4 FTE during initial stages, then reducing once in operate mode)</li> </ul>	<ul style="list-style-type: none"> <li>New skills required to negotiate and manager contracts</li> </ul>	Tier 2

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – Capital Projects

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>Capital project Office requires a centralized PMO function that could be staffed from districts, the ministry or ideally both to create tight alignment</li> <li>Participating districts require a role in the governance model; steering committee comprised of participating districts and PMO leadership</li> <li>Project team would need decision making authority across districts</li> <li>Alignment with capital plans of ministry</li> </ul>	<ul style="list-style-type: none"> <li>Identify pilot project group for first bundle – location, timing, scope factors all to be considered</li> <li>Obtain input, advice from market / vendor community on approach to procurement</li> <li>Procure a single engineering firm to perform all the assessment work (lower rates, leverage from building to building)</li> </ul> <p>Dependencies:</p> <ul style="list-style-type: none"> <li>Funding certainty for duration of program</li> <li>Project scale is large enough to attract larger, national/international construction firms (&gt;\$100 million per tranche)</li> <li>Districts participate in a program approach to delivery</li> </ul> <p>Other considerations:</p> <ul style="list-style-type: none"> <li>School design varies widely across districts and even within districts, with little agreement on the core requirements for school development</li> <li>A pervasive belief exists that the differences of geographic region and site specific conditions preclude any common design, planning or building elements</li> <li>Belief that education needs are distinct by geography, customization is required for a good learning experience</li> </ul>
Key Decisions	
<p style="text-align: center;"><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>Mandate the program be bundled</li> <li>Changes to funding model to enable bundles to be optimally created</li> <li>Smooth the capital planning and distribution process so there are fewer peaks and valleys enabling a smoother project profile</li> <li>Longer time capital project horizons (i.e. forecast farther out)</li> </ul>	<p style="text-align: center;"><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>Districts need to agree to timelines to enable bundles to be collected</li> </ul>



# Opportunity Profile – Capital Projects

## Analysis summary

### Analysis

- Capital spending for new school development and seismic upgrades are estimated to be \$500M - \$800M and ~\$1B respectively
- Annual Funding Grant (AFG) spending was not considered and is expected to strengthen the ultimate detailed business case
- Using industry expertise, interviewees knowledge and similar benchmarks, savings rates for bundling projects and using more standardized/common designs and construction practices were obtained
- These rates were then applied to the published capital budgets to establish the potential savings ranges

### Assumptions and Limitations

- Seismic program was initially a \$1.5B program; approximately \$1B is remaining
- There are 37 new/replacement schools planned or being planned; it should be noted this was not a committed number, but rather, only an estimate of projected development
- The costs for new/replacement schools were estimated with an assumed ratio of secondary to middle to elementary schools of 1:2:4 and used the average costs for new/replacement schools in the last two years
- Some projects will not be feasible to bundle together due to geography, timelines, budget availability and other constraints; these will need to be evaluated in more detail in the future

### Data Sources

- Seismic program size – <http://www.bced.gov.bc.ca/capitalplanning/seismic/>; New/replacement schools planned (Ministry interview); New/replacement school actual costs (Ministry provided data)

### Conclusion

- Significant savings can be realized by using a different approach to capital management and deployment through bundling projects and using repeatable processes for new/replacement school projects

# Project bundling provides substantial benefits for large infrastructure projects

- Bundling seismic and capital projects represent a sizeable potential opportunity for the K-12 sector
- The benefits from bundling capital projects accrue from multiple areas and include:

Benefit Area	Description
Economies of Scale	<ul style="list-style-type: none"> <li>• Program/project synergies due to <b>economies of scale</b> in procurement, design, construction, suppliers/subcontracts and operations/maintenance</li> <li>• Improved pricing due to increased competition, greater market interest and increased market reach due to program/project scale</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>• Reduced risk premium due to <b>improved risk allocation and risk diversification</b></li> </ul>
Administrative efficiencies	<ul style="list-style-type: none"> <li>• Reduced procurement costs and improved pricing due to <b>administrative efficiencies</b></li> </ul>
Improved consistency of facilities	<ul style="list-style-type: none"> <li>• Reduced operation and maintenance cost due to innovation and higher <b>consistency</b> through program-wide harmonization of design and construction</li> </ul>
Learning curve	<ul style="list-style-type: none"> <li>• Reduced cost and increased efficiencies due to government's / designer's / contractor's/supplier's <b>learning curve</b></li> </ul>
Improved technology	<ul style="list-style-type: none"> <li>• Reduced design and construction cost due to long-term investment incentive in contractor plant and equipment, investment in education/training as well as optimized resource planning opportunities</li> </ul>
Alternative service delivery	<ul style="list-style-type: none"> <li>• Reduced uncertainties/risks in project schedule and cost due to streamlined long-term program delivery using <b>alternative procurement</b> routes</li> </ul>

# Consolidating the skills and resources into a capital projects office will reduce risk and costs to the K-12 sector

- The K-12 sector requires large inflows of capital to develop and redevelop its properties. While some districts have significant experience managing projects, many districts do not and are unable to manage projects as efficiently resulting in higher overall costs
- A capital projects CoE will facilitate more efficient, higher quality, lower risk project delivery

## Scope of services

- Project procurement and planning services
- Project management advisory and direct support for new, replacement and renovation projects
- Integration and coordination with seismic program



## The benefits of a centralized program office include:

- Consolidated, and therefore reduced, spend on professional services, contractors and materials
- Improved and leveraged procurement processes including contracting and associated legal services
- Project lesson's learned from similar projects can reduce risk on subsequent projects

- Governance and Funding Models:

### – Governance:

- Decision on level of provincial involvement is required, but ultimately the function would be best managed by the sector itself
- Participation by districts with the capital management CoE could be mandatory, optional or a hybrid where districts with proven capability can opt for a lighter level of involvement while those without this experience are required to use the CoE
- School district participation model to be decided; some initial options include starting within one district, building from and leveraging Surrey's experience or a coalition of larger districts pooling their resources

### – There are several possible options for funding models:

- Province funded – seed first with current model; then expand with seconded staff from districts
- District funded (i.e. ERAC model) on fee for service basis
- Flat fee based on annual capital funding (i.e. x% of capital project funding goes to capital project office)
- In the future, it may be possible to merge the capital CoE and seismic program office

# Opportunity Profile – Facilities Management<sup>1</sup>

## *Custodial and Facility Maintenance*

Current State				Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Current service delivery for all three primary aspects of Facilities Management (grounds, custodial and facility maintenance) is primarily delivered by internal, district staff for the majority of these functions, with some select contracting out for small to medium capital projects (e.g. summer roofing) or when internal capacity is constrained and requires outside support</li> <li>Majority of districts have complex labour environments with unionized staff in all areas and some include multiple different sub-trade unions</li> <li>A few districts have unique or non-standard delivery models:                             <ul style="list-style-type: none"> <li>One district uses a light FM crew and outsources majority of work</li> <li>Another district has outsourced all grounds maintenance the city, in exchange for free use of district facilities</li> <li>A third district has modified their custodial schedule to 10 months per year</li> </ul> </li> </ul>				<b>In-scope Districts</b>	<b>Recurring benefits</b> \$1M-\$9M
				<b>Province-wide</b>	<b>Recurring benefits</b> \$60M-\$150M
<b>Current Spend ('10/11 Actual)</b>	<b>In-Scope districts</b>	~\$169M	<b>Current FTE ('10/11 Actuals)</b>	<b>In-Scope Districts</b>	~1,900
	<b>Province-wide</b>	~\$443M		<b>Province-wide</b>	~5,800

#	Current Challenges	Leading Practices	Potential Opportunities
1	<ul style="list-style-type: none"> <li>Maintaining facilities and addressing deferred maintenance issues in a cost effective way is increasingly challenging</li> </ul>	<ul style="list-style-type: none"> <li>Centralized and standardized service delivery allows decisions to be made at a system wide level</li> <li>Facilities are managed as financial assets with the long term health of the asset factored into ongoing upkeep and maintenance decisions</li> </ul>	<ul style="list-style-type: none"> <li>Improve productivity of facility management functions consistent with provincial and industry benchmarks. This does not include benefits from reduced replacement time</li> </ul>
2	<ul style="list-style-type: none"> <li>Difficult for school districts to explore options available to reduce costs through different delivery options (e.g. see above in current state)</li> </ul>	<ul style="list-style-type: none"> <li>Service delivery model is matched the needs of the end clients, in this case, students</li> </ul>	
3	<ul style="list-style-type: none"> <li>Current contract language can be inflexible resulting in service delays, increased costs or both</li> </ul>	<ul style="list-style-type: none"> <li>Within BC, a minimalist model exists whereby the district maintains a core team for minor work, site specific expertise and triage purposes and the remaining work is outsourced</li> <li>At the industry level, educational systems across North America are moving to alternative service delivery models for Facilities Management and Custodial where all services are provided via a price per m<sup>2</sup>.</li> <li>New Jersey – Custodial services 6 districts &amp; 2 charter schools combined and contracted majority of custodial to a private company – redirected savings into athletic programs</li> </ul>	

### Additional considerations and leading practices

- Significance of ownership in facilities management staff to their school districts – leads to responsibility, and accountability in the quality of work performed

<sup>1</sup> Analysis excludes grounds – see analysis summary for details

# Opportunity Profile – Facilities Management

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Improve productivity of facility management functions consistent with provincial and industry benchmarks. This does not include benefits from reduced replacement time	<ul style="list-style-type: none"> <li>R: ~\$60M-\$150M</li> </ul>	<ul style="list-style-type: none"> <li>Increase in consistency of service</li> <li>Shift approach from building maintenance to portfolio asset management</li> <li>Increased performance information and accountability</li> </ul>	<ul style="list-style-type: none"> <li>OT: \$2M - \$6.5M (3 yrs)</li> <li>R: 5-10% contract management</li> </ul>	<ul style="list-style-type: none"> <li>Reduce consistency of providers</li> <li>Change to new delivery model will take time and effort</li> </ul>	Tier 3

# Opportunity Profile – Facilities Management

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• Districts can continue to manage these functions individually</li> <li>• Districts could move to a regional or provincial model for managing the facilities function</li> <li>• An external provider could be leveraged for FM services</li> </ul>	<ul style="list-style-type: none"> <li>• Districts work collaboratively to find ways to increase overall productivity to meet benchmarks</li> <li>• Different solutions to increase productivity may exist for facilities, custodial and grounds functions</li> <li>• If interest in leveraging external providers this should be done collaboratively by the districts</li> </ul>
Key Decisions	
<p style="text-align: center;"><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>• Is the ministry willing to explore this area</li> <li>• Mandating a change may be required to move this forward</li> </ul>	<p style="text-align: center;"><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>• Long term commitment</li> <li>• Willingness to embrace a new model of service delivery</li> </ul>

# Opportunity Profile – Facilities Management

## Analysis summary

### Analysis

- This analysis includes Facilities Maintenance and Custodial services only. Grounds data was too unreliable to be used and has therefore been excluded from all calculations and benchmarks
- The range for facilities management includes a low and high benchmark:
  - the low benchmark (lower cost per square metre) is based on a large US educational facility study that also included significantly lower labour costs (60% – 80% of the assumed BC labour cost of \$50K), therefore this may represent an unrealistic high end of the benefit range
  - the high benchmark (higher cost per square metre) is based on the cost per square metre for comparable provincial facilities in BC
- The total costs for the combined facilities function were combined with ministry data on the number and size of facilities to calculate the aggregate provincial costs on a per square metre basis
- This cost was evaluated against sector benchmarks to derive potential benefits
- These results were then extrapolated to the overall province based on facilities area in school districts that were out of scope

### Assumptions and Limitations

- Administration cost in the future state are assumed to be 50% of current operations and maintenance
- Costs excluded utilities
- Benchmarks include all costs (labour, all materials, overhead, contract jobs, etc.)
- Due to limitations in data it was assumed that all employees were a full FTE
- Annual Facility Grants were not factored into the analysis and therefore actual costs are greater and benefits are conservative
- It was clear from the data that districts reported the roles of their staff differently and that some grounds maintenance was falling into other job categories, therefore current facilities maintenance costs may be slightly overstated while grounds costs may be understated
- It has been assumed productivity gains would be achieved over a multiyear time frame; therefore, natural attrition (primarily retirement) is assumed to be able to compensate for the reduced workforce.

### Data Sources

- Personnel data from EFMABC's Who's Who; cost information from public financial reports; operational facilities information from RDECP; industry benchmarks from International Facility Management Association Annual Facility Costs Benchmark Report, 2009; BC School District Revenue and Expenditure Tables; workforce retirement estimate from Government of Canada

### Conclusion

- Annually recurring benefits are estimated to be \$60M-\$150M depending on the benchmark used

<sup>1</sup> Source: Government of Canada - <http://www.tbs-sct.gc.ca/res/stats/demo-txt-eng.asp#fig8>

# Additional Profile – Energy Management

Current State		
<p>Under the BC Hydro funded Energy Manager program, school districts and BC Hydro co-fund a senior position to improve energy use (primarily electricity) through infrastructure upgrades (projects), behavioral changes and education programs</p> <ul style="list-style-type: none"> <li>• Currently 18 districts are actively participating in the Energy Management Program</li> <li>• Districts are responsible for setting and achieving savings targets based on their individual districts</li> <li>• Today there is some sharing of energy managers between smaller districts; successful partnerships include Chilliwack and Fraser Cascade and Burnaby with New Westminster</li> </ul>		
Future State Governance Model	Key Decisions	
<ul style="list-style-type: none"> <li>• BC Hydro will continue to support districts as they embark on energy improvement programs, even without the benefits of an energy manager</li> <li>• Districts without formal energy manager programs are able to access expertise, learning and information from BC Hydro through a number of forums and venues</li> <li>• Districts without Energy Manager programs should be encouraged to reduce their consumption by taking advantage of the services available to them through BC Hydro</li> <li>• For districts without Energy Managers, Government could consider the business case for providing limited capital funding for the initial, up front investments in proven (by other districts and projects) upgrades that deliver lower overall operating costs and reduce consumption</li> <li>• Planning energy efficiency into procurement models – energy star decisions, investment in better energy options.</li> </ul>	Ministry Decisions	School District Decisions
	<ul style="list-style-type: none"> <li>• Would Gov't consider funding repeatable, proven projects?</li> </ul>	<ul style="list-style-type: none"> <li>• Support staff to attend hydro sponsored events and training</li> <li>• Commit time from facilities managers to find energy savings</li> <li>• Invest funds in projects with proven paybacks</li> </ul>



# Facilities management opportunities no longer in scope

Area	Sub-Function	Opportunity	Reason
Facilities Management	Capital Planning	Evaluate if the current state excel solution for capital planning is sufficient, or if a more robust solution would provide a benefit	Deemed not in project scope by steering committee and ministry
Facilities Management	Capital Planning	Reduce, decommission, lease or sell underutilized space and or land	Already in progress
Facilities Management	Facilities Operations & Maintenance	Evaluate the cost of current custodial costs and benchmark against comparable industry costs for similar buildings/operations	Benchmark costs indicate significant savings
Facilities Management	Facilities Operations & Maintenance	Consolidate to one or two FM systems across the province	Net savings range from \$30k-\$120k annually; these would be offset by even modest implementation costs
Facilities Management	Facility Condition Inspections	Include Facility Condition Inspections (and Tracking) as part of broader operations and maintenance shared service contract	In progress with VFA audit and CAMS system
Facilities Management	Capital Planning	Improve overall asset management to find innovative uses of property that increase value for SDs; shared use of property/facilities or co-ownership models	Deemed out of scope by steering committee and ministry and land utilization reviews are ongoing
Facilities Management	Community Use & Permits	Tracking facilities within the portfolio that are available for community use, capabilities to perform transactions and issue permits and potential links with municipal permitting systems	Complexity of getting all districts and city's onto a shared system deemed too difficult and not worth required investment. Best left to individual districts where it makes sense and when they exist in 1-1 relationships

# IT Opportunities

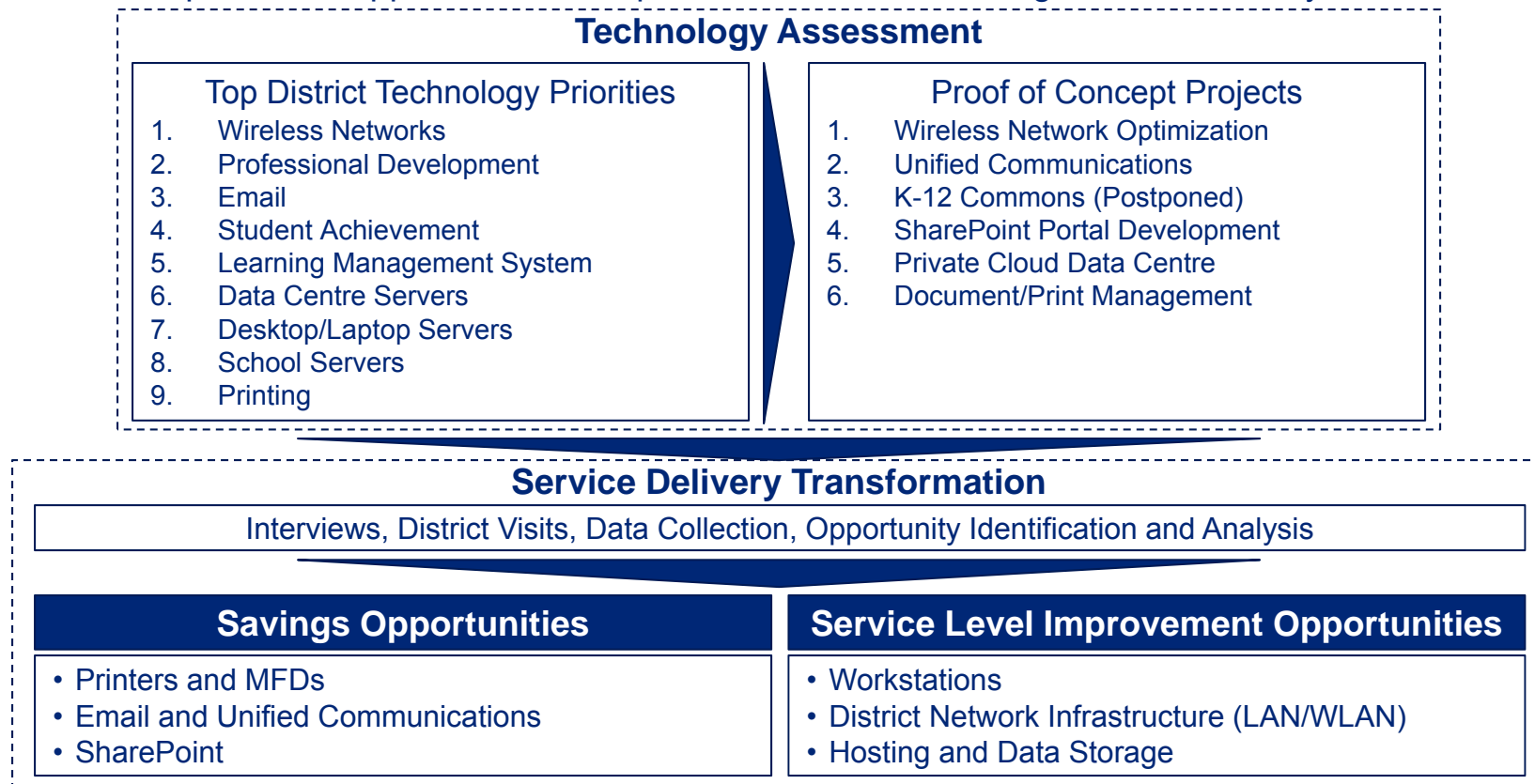
# As technology becomes increasingly integrated into education, IT departments face the challenge of escalating demand

- The scope of services demanded from BC School District IT departments has grown immensely in recent years. As the demands continue to grow, the K-12 sector faces some overarching challenges
  - Technology is a key component of the BC Education Plan
  - Computers and other web-enabled devices have become increasingly embedded in education
  - Districts are making significant investments in order to keep pace with the rapid changes and increase in demand for technology
  - The K-12 sector is exploring opportunities to optimize IT investments through collaboration
- As the sector faces these challenges, it must contend with a number of pervasive issues
  - Purchase and timely refreshment of capital assets (i.e. workstations, servers) is financially burdensome
  - There is significant duplication of efforts between districts
  - Difficulties in locating and retaining skilled technicians create competition between districts
  - Cross-district standards and best practices are not in place
  - The Wide Area Network (WAN) is in need of upgrade across the province. As the province transitions to the next generation network, there will be costs associated with the conversion and ongoing operation of the network. The Ministry will work with the districts to manage this process.
- In order to increase collaboration, consistency, and efficiency, reduce administration and find savings opportunities in IT while protecting the autonomy of individual districts to design their curriculum and delivery methods, Deloitte has focused on back office and infrastructural IT functions as the targets for service delivery transformation<sup>1</sup>
  - Moving to Managed Print Services across the K-12 sector offers the opportunity to save an estimated ~\$2M-\$4M annually while decreasing the need to refresh capital through the implementation of managed print services across the K-12 sector
  - Centralizing email offers an opportunity to save ~\$1M-\$5M annually while building a centralized email platform that can be used to layer on additional communications products
  - As districts begin to implement web portals, there is an opportunity to save ~\$5M-\$8M in avoided implementation costs and ~\$3M-\$4M annually in avoided support costs

<sup>1</sup> Note: This report purposely avoids the use of specific vendor or product names unless those products are already in use and represent a collaboration opportunity (i.e. Microsoft SharePoint)

# The process to identify opportunities built on a previous assessment with additional data collection and analysis

- A recent Technology Assessment sponsored by the Ministry and BCASBO identified nine key priorities and recommended six key initiatives to move forward as proof of concept projects
- The service delivery transformation assessment was designed to identify opportunities to deliver on these priorities while reducing duplication and delivery costs through collaboration
- In order to develop a framework to assess the potential to drive value for technology in K-12 education through service delivery transformation, the survey data and reports from the Technology Assessment were used as a starting point. Interviews, district visits, data collection and external benchmarks were then added to the data already collected in order to develop estimates of total cost of ownership and benefits
- Upon analyzing a broad list of opportunities, three were singled out as opportunities to generate savings while an additional three represented opportunities to improve service levels through service delivery transformation



# Upgrades to the wide area network will be required in order for the sector to meet its goals and to enable the opportunities

	Opportunity	Infrastructural Requirements		
		Wide Area Network (WAN) Bandwidth	Local Area Network (LAN) and Wireless LAN (WLAN)	Authentication and Common Directories
Savings Opportunities	Printers and MFDs	✓	✓	
	Email/Unified Communications	✓	✓	✓
	SharePoint	✓	✓	✓
Service Level Improvement Opportunities	Workstations	✓	✓	✓
	District Network Infrastructure (LAN/WLAN)	✓	✓	
	Hosting and Data Storage	✓	✓	

- Estimated one time costs for the required network upgrades are ~\$4.5M. The estimated incremental increase in annual operational cost arising from the required WAN upgrades is ~\$14M
- Demand for bandwidth going forward is estimated to grow at ~30% CAGR<sup>1</sup>
- Improvements to LAN and WLAN will be required in order to maximize the utilization of increased bandwidth
- The savings generated through service delivery transformation can help to offset increased bandwidth costs but the investments in the data network will be required in order to move forward
- Common directories and authentication are another key pillar that will be required in order to enable collaboration across the sector

<sup>1</sup> Source: BC Ministry of Education

# The identified IT opportunities offer the potential to drive ~\$6M-\$13M in annual savings and \$5M-\$8M in avoided one time costs

Opportunity	Description	Provincial Benefits		Provincial Implementation Costs		Tier
		Low	High	Low	High	
Printers and MFDs	Transition to managed print services on a single contract for all districts	• R: \$2M	• R: \$4M	• OT: ~\$0.1M	• OT: ~\$0.3M	Tier 1
Email/Unified Communications	Centralize staff email and unified communications to a single instance of the Microsoft platform	• R: \$1M	• R: \$5M	• OT: \$3M	• OT: \$5M	Tier 1
SharePoint	Develop a centralized SharePoint portal for all districts	<ul style="list-style-type: none"> <li>• OT: \$5M avoided implementation costs</li> <li>• R: \$3M in avoided support costs</li> </ul>	<ul style="list-style-type: none"> <li>• OT: \$8M avoided implementation costs</li> <li>• R: \$4M in avoided support costs</li> </ul>	• OT: \$2M	• OT: \$4M	Tier 1

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – Printers and Multifunction Devices

Current State				Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Printers and Multifunction Devices (MFDs) relates to the procurement, support and related supplies (i.e. toner) for all printers and MFDs in schools, district offices and district sites</li> <li>Printing is currently managed using a number of different models ranging from the traditional model of purchasing devices and servicing them in-house to fully implemented managed print services (MPS) contracts where equipment, toner, maintenance, installation and support are all bundled with districts paying the supplier based on a cost-per-page model</li> <li>Decentralized printing models in many districts have led to a lack of insight into total cost of printing as well as difficulty in providing support due to the lack of hardware standardization</li> <li>The lack of insight into total cost of ownership leads to purchasing decisions based on the price of the printer or MFD and not operational printing costs (i.e. toner, maintenance, etc.) thus increasing overall costs of printing programs</li> <li>Districts that have moved to MPS programs have seen significant cost savings as well as reductions in pages printed</li> <li>Printing was identified as one of the five proofs of concept projects in the recent Technology Assessment</li> </ul>				<b>In-Scope Districts</b>	<b>Recurring benefits</b> ~\$0.7M-\$0.9M
				<b>Province-wide</b>	<b>Recurring benefits</b> ~\$2M-\$4M
<b>Current Spend</b> (*10/11 Actual)	<b>In-Scope districts</b>	~\$8M-\$10M	<b>Current \$FTE</b> (*10/11 Actuals)	<b>In-Scope Districts</b>	~13 FTE
	<b>Province-wide</b>	~\$20M-24M		<b>Province-wide</b>	~32 FTE

#	Current Challenges	Leading Practices	Potential Opportunities
1	<ul style="list-style-type: none"> <li>Decentralized print budgets and lack of insight or accountability for print usage makes measurement and management of print costs a challenge</li> </ul>	<ul style="list-style-type: none"> <li>Large organizations with a widely dispersed printing environment have potential to achieve significant savings through print optimization (Source: Gartner – Hype Cycle for Education, 2011)</li> <li>Develop a strategy that includes the measurement and tracking of output usage, as well as the regular review of output needs (Source: Gartner – Hype Cycle for Education, 2011)</li> </ul>	<ul style="list-style-type: none"> <li>Transition to managed print services on a single contract for all districts</li> </ul>
2	<ul style="list-style-type: none"> <li>Large numbers of printers exist in classrooms or individual offices. Ratio of staff to device is ~4:1</li> </ul>	<ul style="list-style-type: none"> <li>Users who deploy managed print services can increase the ratio of staff per device to ~10:1 or better (Source: Deloitte Expertise)</li> </ul>	

**Additional considerations and leading practices**

- Managed print service deployments have the potential to greatly reduce the amount of paper used in schools and district offices. One district (outside of the 10 in-scope districts) noted a drop from 42M pages printed to 35M in the first year of their managed print initiative

# Opportunity Profile – Printers and Multifunction Devices

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Transition to managed print services on a single contract for all districts	<ul style="list-style-type: none"> <li>R: ~\$2M-\$4M</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in paper consumption has an environmental benefit</li> <li>Improved measurement of print consumption and detailed insight into costs allow for constant improvement initiatives that were not previously possible</li> <li>Insight into individual user's printing allows for role-based quotas to reduce unnecessary printing</li> <li>A managed service contract for printing will free up district IT staff to focus on higher value tasks</li> </ul>	<ul style="list-style-type: none"> <li>OT: ~\$0.1M - \$0.3M in project management costs</li> </ul>	<ul style="list-style-type: none"> <li>Moving to managed print services is a transformation initiative that may be met with resistance from teachers and staff members who are accustomed to having a dedicated classroom or office printer</li> <li>There is a potential that support unions will object to contracting out of services</li> </ul>	Tier 1

OT = one-time implementation costs or benefits, R = recurring costs or benefits



# Opportunity Profile – Printers and Multifunction Devices

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• Prior to committing to a managed print services contract, a more comprehensive current state cost analysis is needed</li> <li>• managed print services is one of the Proof of Concept projects from the IBM Technology Assessment which will provide an opportunity to launch a pilot in a school district and have vendors conduct cost assessments in order to determine more concrete savings estimates</li> <li>• A managed print service initiative is largely vendor driven. The upfront analysis, planning, and rollout will be performed by the vendor.</li> <li>• Establish a Centre of Expertise/contract management office for managed print services in a district that has mature print processes and vendor relationships to offer setup services and expertise to districts establishing MPS programs</li> <li>• This group should evaluate all existing BC Government contracts that are available as well as any vendor offerings for the K-12 sector specifically in order to identify which would be the best fit</li> <li>• A team of resources to manage the K-12 contracts for managed print services and other Province-wide contracts would be responsible for negotiating an agreement and maintaining the vendor relationship for the duration of the contract. This team may be resourced from within school districts or may be a dedicated team.</li> <li>• Each district would have a single point of contact for them to manage their own services on a day to day basis</li> </ul>	<p><b>Implementation Risk</b></p> <ul style="list-style-type: none"> <li>• There is a change management risk that comes with managed print services initiatives. Teachers and other staff members may be resistant to the concept of having centralized printers and be reluctant to give up personal classroom or office printers</li> <li>• External research, Deloitte expertise and interviews conducted during this assessment have unanimously indicated that the success of transition to managed print service is reliant on support from the highest levels of the organization. This involves leadership setting an example by forfeiting personal printers and using the centralized multifunction devices</li> </ul> <p><b>Current State Data Challenges</b></p> <ul style="list-style-type: none"> <li>• One challenge for this initiative is the lack of available data which makes the business case difficult to measure. It is recommended that during the procurement process the prospective vendors conduct a study in order to better estimate the current print output and cost. This will be crucial in legitimizing the initiative</li> </ul> <p><b>Network Bandwidth Concerns</b></p> <ul style="list-style-type: none"> <li>• The implementation of true managed print services will require network bandwidth that is sufficient. The extent to which servers can be centralized and/or moved to the cloud will be dependent on bandwidth.</li> </ul>
Key Decisions	
<p><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>• The Ministry must decide whether the contract management responsibilities will lie within the Ministry or be maintained by the districts/BCASBO</li> </ul>	<p><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>• Districts must decide when they will join the program</li> <li>• Districts must work amongst themselves to determine where the contract management responsibilities will lie</li> <li>• Districts must decide whether to leverage the pending BC Government managed print contract or to negotiate a separate K-12 contract</li> </ul>

# Opportunity Profile – Printers and Multifunction Devices

## Analysis Summary

### Initiative Description

- Transition to managed print services on a single contract for all districts

### Analysis

- The key metric of comparison when assessing a managed print services contract is the total print cost per printed page
- In order to calculate this figure costs were collected for consumables, capital expenditures and attributable salaries
- These figures were added together and divided by an estimated page count
- The current state cost is estimated to be roughly \$0.04/page

### Assumptions and Limitations

- Print data across the sector is very limited and many data requests were returned with blank answers for print-related questions
- Due to the lack of data, extrapolations were based on a much smaller sample size than other IT opportunities
- Capital costs were estimated based on observed averages for similar devices in public sector organizations
- Page count was based on an estimate from the Technology Assessment of 1,117 pages per student
- There are likely some current state print-related costs that were not captured in this assessment due to the lack of data. This would understate the business case for a managed print services initiative.

### Data Sources

- Current state data was collected from districts through a combination of the Technology Assessment survey and the Data Requests created for this project. Cost figures were calculated through data gathering performed as a part of this project while the page count was sourced from the Technology Assessment.
- Capital costs and benchmark managed print services per page costs were sourced from Deloitte subject matter experts

### Conclusion

- This was compared with benchmark pricing from managed print services contracts of \$0.026-0.031/page resulting in annual savings of \$2M-\$4M
- Costs to implement Managed Print Services across the sector will include contract management and project management staff

# Opportunity Profile – Email/Unified Communications

Current State				Opportunity Potential (\$)													
<ul style="list-style-type: none"> <li>Email/Unified Communications refers to the procurement of software, hosting and related services involved in providing email and/or unified communications (e.g. Microsoft Lync) to school district staff and students</li> <li>Email was listed as a high priority item by the Technology Assessment and Unified Communications was listed as one of the five proofs of concept projects to be explored for a province-wide rollout</li> <li>Districts currently use a number of different email platforms including Microsoft Exchange, FirstClass, and Lotus Notes</li> <li>Maturity and sophistication of these email programs varies</li> <li>Different email platforms (e.g. Exchange and FirstClass) do not properly integrate with one another for functions such as calendar invitations which can create challenges in developing collaboration between staff at multiple districts</li> <li>A cross-district email directory is not available or possible with the current lack of standardization</li> <li>56 of 60 districts took part in the E-Desktop initiative providing access to the entire Microsoft suite including Exchange, Active Directory, Lync and SharePoint at an attractive price point. At least two of the surveyed districts are implementing a unified communications platform using the licenses and others have it in their plans</li> <li>Districts have begun to implement Microsoft Office 365 or Live@edu for student email. Due to FOIPPA concerns, this generally involves parental permission slips</li> <li>While cloud-based email is a growing trend, Microsoft cloud-based products have not been deployed for staff use by any of the in-scope districts. This is consistent with observations in K-12 and Higher Education outside of BC. The primary barrier to adoption appears to be security and FOIPPA concerns</li> </ul>				<b>In-scope Districts</b>	Recurring benefits ~\$0.8M-\$1.5M												
				<b>Province-wide</b>	Recurring benefits ~\$1M-\$5M												
<table border="1"> <thead> <tr> <th>Current Spend ('10/'11 Actual)</th> <th>In-Scope districts</th> <th>Province-wide</th> </tr> </thead> <tbody> <tr> <td></td> <td>~\$4M-\$6M</td> <td>~\$10M-\$14M</td> </tr> </tbody> </table>		Current Spend ('10/'11 Actual)	In-Scope districts	Province-wide		~\$4M-\$6M	~\$10M-\$14M	<table border="1"> <thead> <tr> <th>Current FTE ('10/'11 Actuals)</th> <th>In-Scope Districts</th> <th>Province-wide</th> </tr> </thead> <tbody> <tr> <td></td> <td>~12 FTE</td> <td>~32 FTE</td> </tr> </tbody> </table>		Current FTE ('10/'11 Actuals)	In-Scope Districts	Province-wide		~12 FTE	~32 FTE		
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#	Current Challenges	Leading Practices	Potential Opportunities														
1	<ul style="list-style-type: none"> <li>Several districts using out of date or non-standard email systems. While licenses have been obtained for an affordable price, a move to the Microsoft platform may not be feasible given financial and resource constraints</li> </ul>	<ul style="list-style-type: none"> <li>Organizations with on-premise email deployments greater than 15,000 users (i.e. the K-12 sector as a whole) see a reduction of ~12% in per user email costs compared with organizations that have fewer than 5,000 on-premise users (i.e. an individual district). (Source: Forrester - Should Your Email Live In The Cloud? A Comparative Cost Analysis). This suggests that there could be substantial savings generated by consolidating on-premise email across the K-12 sector</li> </ul>	<ul style="list-style-type: none"> <li>Implement a centralized Microsoft Exchange/Active Directory (AD)/Lync platform for all district staff</li> </ul>														
Additional considerations and leading practices																	
<ul style="list-style-type: none"> <li>Lack of bandwidth at many districts will make a true unified communications strategy that includes VOIP/conference call bridge and video conferencing capabilities difficult to enable. As network bandwidth improves, these functionalities can be layered on top of an email platform</li> </ul>																	

# Opportunity Profile – Email/Unified Communications

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Implement a centralized Microsoft Exchange/Active Directory (AD)/Lync platform for all district staff	<ul style="list-style-type: none"> <li>R: reduced annual support cost of ~\$1M-\$5M</li> </ul>	<ul style="list-style-type: none"> <li>Already licensed</li> <li>A centralized platform will provide a foundation for SharePoint and other collaborative tools. The Microsoft platform can be extended to include conferencing, voicemail, and instant messaging</li> </ul>	<ul style="list-style-type: none"> <li>OT: ~\$2M-\$5M</li> <li>Implementation of centralized email platform</li> </ul>	<ul style="list-style-type: none"> <li>A province-wide system will be a complex implementation with some risk involved</li> <li>Change management risks exist with districts that are moving toward the Microsoft platform</li> </ul>	Tier 1

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – Email/Unified Communications

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>The province-wide email system would be managed in a Centre of Expertise responsible for implementation, support and maintenance</li> <li>The district(s) that participate in the proof of concept would be a logical choice for the location of the Centre of Expertise and should be aware of and prepare for this possibility when entering into the Proof of Concept initiative</li> <li>The staff at the Centre of Expertise will need to be in contact with local staff at the districts in order to navigate any unique features in their current security models and facilitate the import of profiles</li> <li>The centralized Exchange server may be housed and managed at a district office in a Centre of Expertise or by the Ministry</li> </ul>	<p><b>Cloud vs. On-premise Email</b></p> <ul style="list-style-type: none"> <li>Microsoft is offering its cloud-based Office 365 platform at very low/no cost for K-12 education. The uptake of this platform outside of student email has been very low to date and there are FOIPPA concerns related to the data being stored outside of Canada. The developments of cloud-based options should be monitored closely as there may be opportunities to realize additional incremental savings by moving from an on-premise to cloud-based offering</li> <li>Other cloud-based email offerings (i.e. Gmail) were excluded due to the lack of functionality over and above email and instant messaging as well as the same potential FOIPPA concerns as with the Microsoft toolset. Gmail lacks the Unified Communications tools (voice, video, voicemail, etc.) of the Microsoft toolset (already licensed by nearly all districts)</li> </ul> <p><b>Implementation Risks</b></p> <ul style="list-style-type: none"> <li>Developing a shared K-12 email platform will be complex and will require localized Active Directory knowledge and/or redesign at each participating district</li> </ul> <p><b>Network Bandwidth Concerns</b></p> <ul style="list-style-type: none"> <li>While email and instant messaging are relatively low consumer of bandwidth, some of the Unified Communications feature in the Microsoft platform (voice, video conferencing) are much more data-intensive. The rollout of these features should be coordinated with improvements in the data network to ensure that the functionality can be utilized effectively</li> </ul>
Key Decisions	
<p><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>The Ministry must address the need to upgrade the data networks in order to make this strategy technically feasible</li> </ul>	<p><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>The districts must assess their needs for email and Unified Communications in order to avoid investing in a local email/unified communications deployment that would need to be abandoned when a provincial deployment is implemented. If an investment has already been made, the district should take this into account in discussions with the Centre of Expertise in order to determine when they would onboard onto the K-12 platform</li> </ul>

# Opportunity Profile – Email/Unified Communications

Analysis Summary	
<b>Initiative Description</b>	<ul style="list-style-type: none"><li>Implement a centralized Microsoft Exchange/Active Directory (AD)/Lync platform for all district staff</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>The analysis for a centralized email platform compared the current state cost for each district to provide staff email separately with the cost to provide a single email implementation across all districts</li><li>By calculating the total cost to provide email (~\$13M) and dividing it by the estimated number of email users (~49,000), the cost per user in the current state was found to be ~\$275</li><li>This figure was compared with a benchmark from Forrester Research estimating that the cost of a similar deployment with greater than 15,000 users would result in a per user cost of roughly \$210</li><li>In order to account for any inaccuracies, a range of +/- 20% was used</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>The data availability for email costs was limited and thus a Forrester benchmark was used in order to estimate attributable infrastructure costs (hardware, security, storage, etc.) to email</li><li>In order to estimate current and future state software costs, the Microsoft E-Desktop licensing costs from ERAC were used with 40% allocated to email.</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>Current state data was collected from districts through a combination of the Technology Assessment survey and the data requests created for this project. E-Desktop license costs were obtained from ERAC</li><li>Consolidated cost obtained through a Forrester benchmark (Source: Forrester - Should Your Email Live In The Cloud? A Comparative Cost Analysis)</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>Email is an application that benefits from economies of scale and represents an opportunity for the K-12 sector to save ~\$1M-\$5M with little disruption to employees</li><li>The cost to implement the consolidated email platform are estimated to be ~\$2M-\$5M</li></ul>

# Opportunity Profile – Online Collaboration/SharePoint

Current State						Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Online Collaboration/SharePoint refers to the purchase design, development, and support of Microsoft SharePoint portals to facilitate collaboration and file sharing between teachers, students, staff and parents</li> <li>SharePoint was identified in the Technology Assessment as one of the five proofs of concept projects to be explored as a provincial initiative for K-12 education</li> <li>SharePoint licenses are included in the Microsoft E-CAL agreement brokered by ERAC</li> <li>SharePoint portal development has been identified both as an area of priority and as an opportunity for sharing by the in-scope districts. Districts are currently in the process of addressing their portal design and have indicated that skilled developers who understand the needs of the K-12 sector are difficult to find in the job market</li> </ul>						<b>In-scope Districts</b>	<b>OT benefits</b> ~\$3M-\$4M
							<b>Recurring benefits</b> ~\$1M-\$2M
						<b>Province-wide</b>	<b>OT benefits</b> ~\$5M-\$8M
							<b>Recurring benefits</b> ~\$3M-\$4M
<b>Current Spend ('10/11 Actual)</b>	<b>In-Scope districts</b>	<b>N/A (Costs and investments to date are minimal)</b>	<b>Current FTE ('10/11 Actuals)</b>	<b>In-Scope Districts</b>	<b>N/A (Costs and investments to date are minimal)</b>		
	<b>Province-wide</b>			<b>Province-wide</b>			
#	Current Challenges		Leading Practices			Potential Opportunities	
1	<ul style="list-style-type: none"> <li>SharePoint portals are a new or non-existent initiative. Where SharePoint portals are being developed, they are in silos within a small number of districts and have little to no uniformity.</li> </ul>		<ul style="list-style-type: none"> <li>The effort required to develop and support separate SharePoint portals for 60 organizations will be anywhere from 3.5 FTE for a district with fewer than 1,000 users to 12 FTE for a district with greater than 20,000, clearly demonstrating the economies of scale that can be achieved with portals (Source: Gartner - Toolkit: Estimating the IT Staffing Impact of Microsoft SharePoint)</li> </ul>			<ul style="list-style-type: none"> <li>Develop a centralized SharePoint portal for all districts</li> </ul>	
2	<ul style="list-style-type: none"> <li>Skilled SharePoint developers are difficult to find in the job market</li> </ul>		<ul style="list-style-type: none"> <li>Leverage Systems Integrators certified by Microsoft for the planning and implementation phase (Source: Gartner - First 100 Days: Microsoft SharePoint Initiatives)</li> <li>Ensure that employees have adequate skillsets - the difference in effectiveness between a trained SharePoint IT professional and an untrained one can be significant (Source: Gartner - Toolkit: Estimating the IT Staffing Impact of Microsoft SharePoint)</li> </ul>			<ul style="list-style-type: none"> <li>Develop a centralized SharePoint portal for all districts</li> </ul>	
Additional considerations and leading practices							
<ul style="list-style-type: none"> <li>SharePoint is offered as a component of the Microsoft 365 online solution. While the licensing and setup of this deployment model are very attractive, many organizations that deal with sensitive information will deploy the cloud version of SharePoint in conjunction with an on-premise installation. While this may be an attractive way to share resources with external users (e.g. parents), the resource requirement could end up being even greater than on-premise SharePoint deployments due to the need for integration (Source: Gartner - How to Decide Whether to Deploy SharePoint Online)</li> </ul>							

# Opportunity Profile – Online Collaboration/SharePoint

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Develop a centralized SharePoint portal for all districts	<ul style="list-style-type: none"> <li>OT: \$5M-\$8M reduction in staff costs to implement a single SharePoint portal for the province vs. a separate portal for each district</li> <li>R: \$3M-\$4M in annual savings for support and maintenance of the single portal vs. support and maintenance for 60 portals</li> </ul>	<ul style="list-style-type: none"> <li>Avoid duplication and fragmentation of efforts</li> <li>Leverage industry-leading resources that would not be affordable for a single district</li> <li>Avoid competition over difficult to locate staff</li> <li>Allow smaller districts or districts an option to obtain a portal at an affordable cost</li> </ul>	<ul style="list-style-type: none"> <li>OT: \$2M-\$4M in SharePoint portal implementation costs</li> </ul>	<ul style="list-style-type: none"> <li>A province-wide platform carries implementation risks due to high complexity</li> <li>The Centre of Expertise would need a staff complement and potentially office space</li> <li>Loss of autonomy for individual districts may create resistance</li> <li>Extra work will be required in order to properly scope the needs of the districts and manage the platform in such a way that it is flexible enough to meet their individual needs</li> </ul>	<ul style="list-style-type: none"> <li>Tier 1</li> <li>Support benefits realized over the lifetime of the project</li> </ul>



# Opportunity Profile – Online Collaboration/SharePoint

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• SharePoint is one of the five proof of concept projects that were identified during the recent Technology Assessment</li> <li>• Under this program, a pilot district(s) will be identified and will begin to work on development of a portal that is designed to scale to the entire K-12 sector</li> <li>• This district(s) would be the logical fit to remain as a Centre of Expertise to support the deployment as it is rolled out province-wide</li> <li>• The Centre of Expertise would be responsible for the development of the portal, incremental onboarding of districts, and ongoing support of the platform</li> </ul>	<ul style="list-style-type: none"> <li>• Deploying a single SharePoint portal will require robust security and will need to integrate with district's Active Directory deployments</li> <li>• The natural timing of the rollout of the centralized portal would be after the deployment of a centralized email/unified communications platform</li> <li>• This timeframe may not be acceptable for many districts which could lead to districts deciding to pursue a portal on their own resulting in fragmented design and effort across the province</li> </ul> <p><b>Network Bandwidth Concerns</b></p> <ul style="list-style-type: none"> <li>• Comprehensive use of we portals will require increased network bandwidth in order for files to be uploaded and data to be accessible from district sites. The rollout of the portal should be coordinated with improvements in the data network to ensure that the functionality can be utilized effectively</li> </ul>

## Key Decisions

Ministry Decisions	School District Decisions
<ul style="list-style-type: none"> <li>• Will the SharePoint Centre of Expertise be hosted by the Ministry or will a district provide hosting as an extension of the SharePoint proof of concept project</li> <li>• Will there be funding available for the hiring of SharePoint specialists that have knowledge of education and ongoing support of the centralized portal?</li> </ul>	<ul style="list-style-type: none"> <li>• Will districts decide to participate in this initiative in the absence of a mandate?</li> <li>• Will districts continue to have their own portals locally and will these integrate with the centralized portal?</li> <li>• Will districts agree to contribute financially and participate in a centralized SharePoint deployment?</li> </ul>

# Opportunity Profile – Online Collaboration/SharePoint

Analysis Summary	
<b>Initiative Description</b>	<ul style="list-style-type: none"><li>• Develop a centralized SharePoint portal for all districts</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>• The analysis of this opportunity was based on a comparison between the level of effort required across the province for each district developing and supporting its own, less complex SharePoint portal versus a centrally provided, more complex portal</li><li>• In order to do this, a Gartner toolkit for SharePoint sizing estimation was used. Using the toolkit, estimations were done for each of the in-scope districts and then extrapolated in order to get an estimate of ~180 FTE for implementation and ~100 FTE for ongoing support for 60 separate portals</li><li>• This was compared with a large, complex portal designed to support the entire province</li><li>• The FTE estimates for the centralized portal were ~60 FTE for the implementation and ~30 FTE for ongoing support and maintenance</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>• SharePoint is a new or non-existent initiative for many districts and thus there is not current state cost data to leverage. Based on this, the analysis in this project is a hypothetical scenario in order to allow all districts to gain access to SharePoint in the most cost effective manner possible</li><li>• In order to avoid overstating the cost to implement the 60 separate SharePoint portals, it was assumed that 10% of districts had already implemented a portal which reduced the one time avoided implementation cost</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>• Gartner - Toolkit: Estimating the IT Staffing Impact of Microsoft SharePoint</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>• Using the standard FTE cost calculations for this project, and using a +/- 20% range to allow for inaccuracies in the toolkit, the savings would be ~\$5M-\$8M in avoided one time implementation costs and ~\$3M-\$4M avoided annual support and maintenance costs</li><li>• The cost to implement is estimated to be ~\$2-4M</li></ul>

# The workstation support model for K-12 education is changing rapidly and ongoing challenges can be met with collaboration

## Sub-Function: Workstations

Challenge	Details	Collaboration Opportunities
<p><b>Current spending on Workstation support is below benchmarks and does not represent an opportunity for savings</b></p>	<ul style="list-style-type: none"> <li>• Current workstation support models are below benchmarks for external service providers resulting in limited opportunities for savings</li> <li>• Increases in service levels would result in an increase in costs</li> <li>• All benchmarks and provincial contracts for service-based support models indicate costs that exceed the current cost to support workstations</li> </ul>	<ul style="list-style-type: none"> <li>• Research suggests that <b>significant savings can be achieved through volume discounts</b> if districts were to standardize and consolidate workstation purchasing</li> <li>• Maintaining a fleet of workstations that is large enough to meet growing demand while being refreshed regularly will require a <b>significant increase in spending that does not seem feasible</b> given the number of other priorities.</li> <li>• For this reason, districts should explore the possibility of <b>comprehensive BYOD programs</b> for student workstations with current budgets shifted to Wireless Networks and subsidies for lower income students to gain access to devices</li> <li>• Standardizing workstations would provide an opportunity to make support more efficient and thus increase service levels without drastically increasing spending</li> </ul>
<p><b>Demand for student computing is increasing steadily</b></p>	<ul style="list-style-type: none"> <li>• Student computing is evolving from dedicated labs to personal devices</li> <li>• Provisioning workstations is growing increasingly expensive as demand changes</li> <li>• There is a trend toward a 1:1 laptop/student ratio in K-12. Current ratios in BC School Districts range from about 3:1 to 8:1</li> <li>• There is a trend toward Bring Your Own Device (BYOD) programs where students bring a device from home for use in the classroom</li> </ul>	
<p><b>The workstations in place in K-12 education are aging</b></p>	<ul style="list-style-type: none"> <li>• The current fleet of workstations is aging and the combination of refreshing and meeting new demand is overly burdensome</li> <li>• In order to refresh the current fleet of workstations on a 4 year cycle, annual budgets would need to increase by ~\$13M</li> <li>• This does not take into account the increased expenditures that would come from increasing the number of student machines</li> </ul>	

While there do not appear to be any savings opportunities in the current budgets for workstations, there are two steps that can be taken in order to increase service levels and make the financial model more sustainable:

1. **Centralize workstation purchases on a single contract designed specifically for K-12 Education**
2. **Wherever possible, implement BYOD programs in order to move toward a 1:1 student/device ratio while reducing the number of workstations to be purchased and refreshed by school district IT departments**

# Provision of network connectivity has become crucial to K-12 and will require collaboration in order to be sustainable

## Sub-Function: District Network Infrastructure

Challenge	Details	Collaboration Opportunities
<p><b>Current spending on network support is below benchmarks and does not represent an opportunity for savings</b></p>	<ul style="list-style-type: none"> <li>• Cost to support local area networks (LAN) and wireless local area networks (WLAN) in K-12 education is below benchmarks for managed service offerings that are charged on a cost per device model</li> <li>• The costs involved in improving service levels for some districts is prohibitive</li> <li>• One reason for the low cost structure is that regular capital refresh is not always financially feasible and thus is not done in a timely manner. This impacts the quality of the network access</li> </ul>	<ul style="list-style-type: none"> <li>• The wide area network (WAN) is provided centrally by PLNet/SSBC</li> <li>• The support model of the WAN is evolving to a managed service provided by Telus where all capital is owned, maintained and refreshed by the vendor</li> <li>• These managed service contracts to operate on a cost per network device model are increasingly available for LAN and WLAN</li> <li>• <b>Moving to a managed service model would negate many of the current concerns</b> around cost and effort to refresh capital, duplication of effort in design, maintenance and security, and access to skilled technicians</li> <li>• The primary challenge with this approach is that all observed benchmarks represent an increase in cost versus the current model</li> </ul>
<p><b>Network infrastructure varies across districts</b></p>	<ul style="list-style-type: none"> <li>• Districts currently procure network hardware, design architectures and perform support individually resulting in significant duplication of efforts in functions such as security and design</li> <li>• The WAN connections vary from one district to the next which impacts the LAN and WLAN configurations of each district</li> <li>• In-scope districts expressed interest in the concept of reducing duplication in these areas as a means of freeing up staff to support other initiatives</li> </ul>	
<p><b>Locating skilled WLAN technicians is challenging</b></p>	<ul style="list-style-type: none"> <li>• With moves toward web-enabled mobile devices in the classroom, wireless networking has become one of the highest priorities for district IT departments</li> <li>• The design of a wireless networks has a great deal of impact on the level of service provided</li> <li>• Districts have indicated that hiring and retaining skilled wireless technicians is a challenge</li> </ul>	

While there do not appear to be any direct savings opportunities school districts would be able to increase service levels in a more sustainable and efficient manner through a managed service contract. Negotiations should be focused on reducing costs and service levels to the needs of the K-12 sector. The broad options are as follows:

1. **Expand the WAN service agreement with Telus to include LAN and WLAN**
2. **Negotiate a K-12 specific agreement with an outside vendor.**

# Centralized hosting offers potential for districts to reduce the capital burden associated with ownership of local servers

## Sub-Function: Hosting and Data Storage

Challenge	Details	Collaboration Opportunities
<p><b>Data Centre support is low cost and does not represent an opportunity for savings</b></p>	<ul style="list-style-type: none"> <li>• Server refresh is not performed within industry standards, reducing the total costs in the current model</li> <li>• In analysis done, the cost to have servers hosted at the provincial data centre in Kamloops would not represent significant savings in comparison with the current support costs</li> <li>• The primary source of savings in moving to a data centre would be through reduced capital cost from virtualization which could be done independently of a data centre consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• Upon completion of bandwidth upgrades, a move to a centralized data centre could increase service levels and drive efficiencies</li> <li>• As the K-12 sector moves toward centrally hosted applications (i.e. email, SharePoint, HR/ Payroll / Finance), a data centre strategy will become increasingly relevant</li> <li>• Due to the concerns with capital refresh costs, cloud-based infrastructure as a service (IaaS) models may be attractive</li> <li>• IaaS is still somewhat immature in the Canadian public sector but is becoming increasingly popular</li> <li>• The K-12 sector should use the time provided by the wait for bandwidth upgrades to explore this model in more detail</li> <li>• FOIPPA compliance is a concern that IaaS vendors must address</li> </ul>
<p><b>Many districts have made investments in local data centres</b></p>	<ul style="list-style-type: none"> <li>• Districts that have made investments in data centres will be reluctant to abandon their investments in the near term</li> <li>• The existence of these localized data centres would likely delay migration for at least 3-5 years as the current capital investments are amortized</li> </ul>	
<p><b>The network is a barrier to a centralized data centre in the near term</b></p>	<ul style="list-style-type: none"> <li>• The data network is the primary concern for many districts that do not have adequate bandwidth in order to store files remotely and access applications that are hosted off-site</li> </ul>	

While there do not appear to be any savings opportunities in the current budgets for servers and data storage, there are two options to increase service levels and make the financial model more sustainable:

- 1. Centralize hosting and data storage at the BC Government Data Centre in Kamloops**
- 2. Move to an Infrastructure as a Service model in order to remove the need to refresh and maintain hardware and ensure that costs are managed.**

# IT opportunities no longer in scope

Area	Sub-Function	Opportunity	Reason
Information Technology	Helpdesk	Reduce costs by centralizing helpdesk	Current low cost model leaves little opportunity to achieve savings in helpdesk operations
Information Technology	Workstations	Reduce support costs by centralizing workstation support and reduce transportation costs by performing support remotely	
Information Technology	IT Leadership	Reduce staff costs by sharing IT leaderships across a region or group of small districts	Savings potential does not meet the requirement for this project
Information Technology	Learning Management Systems	Save on license costs and increase collaboration between districts by implementing a standardized Learning Management System	Adoption of LMS is not in the plans of all districts; ERAC has arranged group pricing and can easily extend to other products; overlap with SharePoint portal initiative
Information Technology	Mobility	Leverage Telus contract to save on mobile phone bills (in progress)	Already in progress
Information Technology	Mobility	Mobile Device Management	Mobile device management would be a component of larger opportunities related to network management and is not a standalone opportunity
Information Technology	Printers and MFDs	Reduce printing costs through group buying	Managed print services is the leading practice initiative for reducing print costs
Information Technology	Student Achievement	Implement centralized Student Achievement Analytics platform	Overlap with the SharePoint portal initiative
Information Technology	Student Information System	Centralized and standardized Student Information System	The Ministry is currently moving toward a replacement of BCeSIS
Information Technology	Video Conferencing	Save costs and increase compatibility by implementing a standard video conferencing system across the province	Overlap with the functionality provided by Microsoft Lync. Bandwidth challenges must be addressed in the near term in order to make VC feasible

# HR, Payroll, Finance & Legal Opportunities

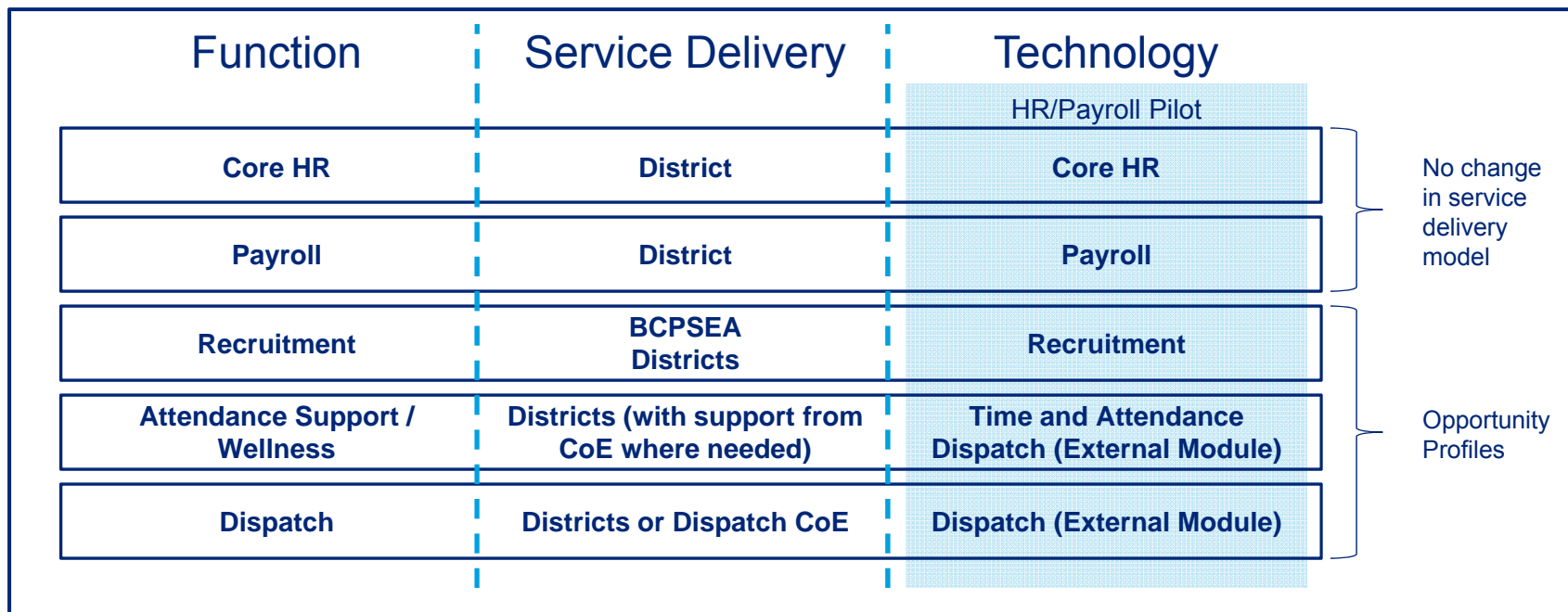
# There are several opportunities in HR, Payroll & Finance to drive savings and improve service levels through collaboration

- HR and Finance departments in BC school districts are not heavily staffed. The opportunities identified in the service delivery transformation assessment will allow districts to generate value through increasing service levels with little workforce disruption
  - While there is an opportunity for districts to save ~\$1M-\$3M through Finance Shared Services, this opportunity is not likely to be pursued in the near term as new systems for HR and Payroll are the priority
- HR departments have the opportunity to save costs through increased service levels in areas such as Attendance Support & Wellness and WorkSafe Claims Management
  - Districts can save an estimated ~\$10M-\$12M in reduced replacement costs through the implementation of a comprehensive, standardized Attendance Support and Wellness program
  - In addition, districts can save as much as ~\$3M through a reduction in WorkSafe premium rates
- HR/Payroll/Finance systems across the province vary in functionality and sophistication
  - Several districts are using the SRB platform but have implemented it separately with differing configurations
  - There is an opportunity to reduce system risk and standardize business processes through the implementation of a shared HR/Payroll/Finance system
  - At present HR/Payroll is the highest priority however an integrated Finance piece could be done in conjunction or at a later date
  - An automated Dispatch function would also be part of this shared system architecture, allowing districts to increase efficiencies and standardize processes in deploying substitutes
  - The shared HR/Payroll system would support several of the initiatives outlined in this report, particularly Attendance Support
- BCPSEA is an established entity that has the opportunity to broaden its scope of services and drive savings
  - Districts can save an estimated ~\$1M-\$4M in legal fees by centralizing and coordinating employment litigation
  - Districts can save an estimated ~\$0.4M-\$0.9M through centralization of reference, credential and criminal record checks for new employees



# A shared HR/Payroll system can support service delivery transformation opportunities

- The shared HR/Payroll system can be leveraged by the individual districts as well as any Centres of Expertise in order to perform key tasks
  - An attached substitute dispatch module would perform the dispatch function and provide key data for the Attendance Support and Wellness program
  - The payroll module would receive data from the Core HR and substitute dispatch modules
  - The WorkSafe Claims Management function could potentially leverage the system in order to access employee, payroll and absenteeism-related data
- Performing any/all of these functions in a standalone system would result in duplication of data and require complex integration between the systems in order to ensure consistency



Due to the high level of interdependency between key functions, it is recommended that the approach to HR service delivery transformation is centered on a shared HR/Payroll system

# The identified HR opportunities offer the potential to drive ~\$13M-22M in savings while standardizing systems and processes

Functional Area	Description	Province-wide Benefits		Province-wide Implementation Costs		Tier
		Low	High	Low	High	
<b>HR/Payroll System</b>	Implement a shared HR/Payroll system pilot	<ul style="list-style-type: none"> <li>Reduced system risk</li> <li>Incremental productivity gains</li> <li>Template for other districts to move to a tier 1 system</li> </ul>		<ul style="list-style-type: none"> <li>OT: ~\$2M</li> </ul>	<ul style="list-style-type: none"> <li>OT: ~\$4M</li> </ul>	Tier 1
<b>Attendance Support, Wellness and Occupational Health &amp; Safety</b>	Develop and implement a best practice Attendance Support, Wellness and Occupational Health & Safety program province-wide that is tailored to individual district circumstances	<ul style="list-style-type: none"> <li>R: ~\$10M in reduced replacement costs</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$12M in reduced replacement costs</li> </ul>	<ul style="list-style-type: none"> <li>~\$0.3M External consulting fees</li> <li>R: ~\$1M in incremental salary</li> </ul>	<ul style="list-style-type: none"> <li>~\$1M External consulting fees</li> <li>R: ~\$1.4M in incremental salary</li> </ul>	Tier 1
<b>WorkSafe Claims Management</b>	Extend the SD23 WorkSafe Claims Management program to additional districts	<ul style="list-style-type: none"> <li>R: ~\$0.5M</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$3M</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$1.3M in incremental contracting costs</li> </ul>		Tier 1
<b>Recruitment</b>	Add reference, credential and criminal record checks to set of services provided by Make a Future	<ul style="list-style-type: none"> <li>R: ~\$0.4M</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$0.9M</li> </ul>	<ul style="list-style-type: none"> <li>Limited to no added cost for BCPSEA to coordinate with an outside vendor</li> </ul>		Tier 2
	Make a Future provides internal recruiting portal to each district	<ul style="list-style-type: none"> <li>Reduced internal processing costs</li> <li>Improved service quality and visibility into paper use</li> </ul>		<ul style="list-style-type: none"> <li>R: \$0.3M in annual incremental costs to expand MAF to include the Internal Applicant Management System</li> </ul>		Tier 2
<b>Dispatch</b>	Implement a centralized call-in and dispatch system for short-term absences	<ul style="list-style-type: none"> <li>R: ~\$0.1M</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$0.3M</li> </ul>	<ul style="list-style-type: none"> <li>Software costs related to implementation of shared HR/Pay system</li> </ul>		Tier 2
<b>Finance</b>	Implement a Finance Shared service/system*	<ul style="list-style-type: none"> <li>R: ~\$1M</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$3M</li> </ul>	<ul style="list-style-type: none"> <li>Program/system setup costs</li> </ul>		Tier 3
<b>Legal</b>	Centralize coordination and delivery of legal services for employment litigation through BCPSEA	<ul style="list-style-type: none"> <li>R: ~\$1M</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$4M</li> </ul>	<ul style="list-style-type: none"> <li>Marginal staff increases based on amount of litigation work performed in-house</li> </ul>		Tier 1

\* A full profile for the finance shared system opportunity was not developed as it was considered a very low priority.

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – HR/Payroll System

Current State				Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Payroll is the highest volume process in school district back offices and accounts for over 90% of expenditures in K-12</li> <li>While BCPSEA negotiates with unions centrally, there are specific clauses and different benefit plans for each of the 60 districts resulting in roughly 130 collective bargaining agreements across the sector. Districts also run different pay cycles.</li> <li>Payroll systems are commonly integrated with HR and Finance systems. Common platforms in BC include SRB and SDS. These systems vary in their functionality and reliability. While there are districts that have implemented these tier 2 systems in greater depth and feel secure with their current platforms, other districts have indicated an urgent need to move to a new system but lack the funds or human capital resources to proceed with an implementation.</li> <li>The IBAS project was an attempt to implement an integrated HR/Payroll/Finance system across all districts. This initiative has not moved forward due to complexities from collective bargaining agreements and lack of capital</li> <li>None of the 10 districts surveyed currently use an outside payroll service provider (e.g. ADP)</li> <li>The Vancouver School Board is currently exploring options for a new HR/Payroll system and has had offers from external providers to host the system at a cost based on the cost of maintaining the current-state system</li> </ul>				Province-wide	Efficiency gains through implementation of best practices
Current Spend ('10/11 Actual)	Province-wide	\$23M-\$26M (Finance) \$23M-\$24M (HR) \$11M-\$13M (Payroll) \$5M-\$7M (IT Support) (Source: Deetken Group IBAS Report)	Current FTE ('10/11 Actuals)		

#	Current Challenges	Leading Practices	Potential Opportunities
1	<ul style="list-style-type: none"> <li>Current HR/Payroll systems are not standardized, lack important functionality and in many cases are close to end of life. There are not any viable replacement options available within the budgets of individual districts</li> </ul>	<ul style="list-style-type: none"> <li>A single, cost effective HR technology infrastructure that includes a sophisticated reporting capability that translates HR data into clear, meaningful information that helps solve people and business problems (Source: Deloitte Expertise)</li> </ul>	<ul style="list-style-type: none"> <li>Implement a shared HR/Payroll system</li> <li>Outsource payroll with processes performed on vendor's software platform</li> </ul>
2	<ul style="list-style-type: none"> <li>Payroll processes are largely manual and involved large numbers of clerical staff to process pay runs, exceptions, time sheets, etc. The current ratio of employees to Payroll staff to is ~750:1</li> </ul>	<ul style="list-style-type: none"> <li>Payroll operations performed by a central Shared Service center, or are outsourced, with standardized pay cycles but with decentralized time entry (Source: Deloitte Expertise).</li> <li>Benchmark employee/payroll staff ratio is ~1,250:1 (Source: Deloitte Expertise)</li> </ul>	<ul style="list-style-type: none"> <li>Centralize payroll processing in a Centre of Expertise leveraging a shared system</li> <li>Outsource payroll</li> </ul>
3	<ul style="list-style-type: none"> <li>The large number of collective bargaining agreements in place within the K-12 sector creates complexities in payroll processing that has been cited as an impediment to a shared payroll system</li> </ul>	<ul style="list-style-type: none"> <li>Standardizing pay cycles, contract terms and benefit packages allows for economies of scale in payroll processing. Where standardization is not possible, outsourcers can manage the complexity (Source: Deloitte Expertise)</li> </ul>	<ul style="list-style-type: none"> <li>Outsource payroll</li> </ul>

### Additional considerations and leading practices

- The options available can be grouped into two broad categories: 1. Shared Services/Systems 2. Outsourcing. The sub-opportunities for each are assessed as follows: Options 1/2 are Shared Services/Systems Models; Option 3 is a Shared Systems Model with outsourced processing; Options 4/5 are Outsourcing

# Opportunity Profile – HR/Payroll System

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Implement a shared HR/Payroll system with local payroll staff continuing to process transactions for each district	<ul style="list-style-type: none"> <li>Efficiency gains through implementation of best practices</li> </ul>	<ul style="list-style-type: none"> <li>Reduced supportability risk</li> <li>Increased functionality, stability and reporting</li> </ul>	<ul style="list-style-type: none"> <li>OT: ~\$2M-\$4M HR/Payroll System implementation costs<sup>1</sup></li> <li>OT: ~\$2M-\$4M Financial System implementation costs<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>The business case for shared systems is less attractive without shared services</li> <li>Efficiencies may not be realistic without changes to organizations</li> </ul>	Tier 1
2	Implement a Payroll Centre of Expertise where payroll is processed centrally leveraging the shared system installed onsite	<ul style="list-style-type: none"> <li>All savings from Option 1 with additional payroll headcount savings</li> </ul>	<ul style="list-style-type: none"> <li>Benefits of shared systems are amplified by centralizing processing</li> </ul>	<ul style="list-style-type: none"> <li>System implementation costs attributable to payroll</li> <li>Severance</li> <li>CoE setup</li> </ul>	<ul style="list-style-type: none"> <li>High risk, complexity and time to benefit</li> <li>Complexities from labour contracts can limit benefits</li> </ul>	Not feasible in near term
3	Outsource payroll with processes performed on a shared system installed at a Centre of Expertise to manage exception processing and communication with the vendor	<ul style="list-style-type: none"> <li>R: \$2M-\$5M</li> </ul>	<ul style="list-style-type: none"> <li>Outsourcing team will bring insight into process efficiency</li> </ul>	<ul style="list-style-type: none"> <li>System implementation costs</li> <li>Payroll implementation costs</li> <li>Severance</li> <li>CoE setup</li> </ul>	<ul style="list-style-type: none"> <li>Risk of both shared system implementation and onboarding an outsourcer</li> </ul>	
4	Outsource payroll processing with processes performed on the software platform provided by the outsource partner. Implement a Centre of Expertise to manage exception processing and communication with the vendor		<ul style="list-style-type: none"> <li>Remove the risk and capital expenditure from an in-house system implementation</li> </ul>	<ul style="list-style-type: none"> <li>OT: ~\$1.5M-\$4M Payroll implementation costs</li> <li>Severance</li> <li>CoE setup</li> </ul>	<ul style="list-style-type: none"> <li>Risk of not accurately accounting for exceptions processing in the business case</li> </ul>	
5	Outsource payroll by leveraging the BC PSA Payroll implementation		<ul style="list-style-type: none"> <li>Leverage a program that is already in place</li> </ul>		<ul style="list-style-type: none"> <li>Risk that PSA platform is not a fit for K-12 sector</li> </ul>	

<sup>1</sup> Estimated HR/Payroll implementation cost based on ~\$36M cost estimate from IBAS. Assumed that 50% of this (~\$18M) is the HCM product and 50% is Finance-related. Using Vancouver (~10% of K-12 employees) as the pilot, estimated cost to implement would be ~10-25% of the cost for a provincial implementation. Costs will change with scope, scale and updated vendor quotations.

# Opportunity Profile – HR/Payroll System

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• Due to its high level of urgency for to acquire a new HR/Payroll system, it is suggested that the Vancouver School Board (VSB) act as the pilot site for a shared HR/Payroll system. The pilot system would be designed as a scalable platform that could be leveraged by additional districts, eventually scaling to a single HR/Payroll system across the province</li> <li>• Consideration should be made as to whether additional districts would join this effort in order to ensure that multiple voices are heard in the design process and that the perspectives of different sized districts are taken into account. An illustrative example would be if North Vancouver and Gold Trail were to join the implementation in order to have representation from a small, medium and large district.</li> <li>• As the system is adopted by a greater number of districts, detailed governance will be required in order to determine how internal costs are shared amongst member districts</li> </ul>	<p><b>Assessment of HR/Payroll Sub-Opportunities</b></p> <ul style="list-style-type: none"> <li>• Many districts have a pressing need for a new HR/Payroll/Finance system with Payroll singled out as the area of highest importance and risk</li> <li>• All assessed options included a new software platform of some sort. While Deloitte expertise suggests that the business case for a shared system comes from the development of a shared service centre and subsequent headcount reductions, this is not seen as feasible in the near term due to labour concerns. For this same reason business process outsourcing has also been ruled out as a near term option to achieve cost savings in conjunction with the shared system project</li> <li>• Based on the considerations above, the plan is to move forward with a pilot HR/Payroll system at 1-3 districts. The system would be designed not just as a single district system but as a platform onto which the rest of the K-12 sector can migrate to over time</li> </ul> <p><b>Implementation Risks and Considerations</b></p> <ul style="list-style-type: none"> <li>• One of the key benefits of a tier 1 system is the implementation of best practices. VSB has indicated a desire to alter internal practices in order to conform with its new system. Other districts will need to be prepared to do the same in order to avoid lengthy delays and expensive customizations</li> <li>• Additional consideration should be given to Finance systems as there is considerable gain to be had from integrating with HR/Payroll. Vancouver is the only district in BC that has a tier 1 Finance system (PeopleSoft) The shared system would have implications for other opportunities identified in this study including Shared Dispatch and Attendance Support. The HR/Payroll system would include a Dispatch module and would be a primary data source for the Attendance Support function</li> <li>• While these options are not currently in scope, standardization of processes is an important step toward alternative service delivery models</li> </ul>
Key Decisions	
<p><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>• Will the Ministry contribute to the capital spend required to implement a shared HR/Payroll system?</li> <li>• Will the Ministry mandate participation in a shared HR/Payroll technology platform?</li> </ul>	<p><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>• If shared HR/Payroll is not mandated, will the districts choose to onboard onto the shared platform?</li> </ul>

# Opportunity Profile – HR/Payroll System

Analysis Summary	
<b>Initiative Description</b>	<ul style="list-style-type: none"><li>Implement a shared HR/Payroll system with local payroll staff continuing to process transactions for each district</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>The majority of the analysis for the Shared HR/Payroll/Finance system was done as part of the IBAS program</li><li>The benefits for outsourced payroll were calculated based on a comparison between the payroll costs provided by the IBAS function and the estimated cost per pay slip that would be incurred with an outsourced vendor</li><li>While this analysis revealed ~\$2M-\$5M in potential savings, it is unlikely that this will progress due to labour concerns</li><li>Similarly, there is an opportunity to save \$~1M-\$3M through Finance Shared Services but this program is unlikely to be implemented until after a shared system is implemented</li><li>Based on this, the analysis shifted to an estimate of the costs incurred by implementing a pilot HR/Payroll (and potentially Finance) system at the Vancouver School Board with a focus on shared systems rather than shared services</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>Assumed that 50% of ~\$36M to implement IBAS (~\$18M) allocated to the HCM (HR/Payroll) product and 50% to Finance</li><li>Using Vancouver (~10% of K-12 employees) as the pilot, estimated cost to implement would be ~10-25% of the cost for a Provincial implementation</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>Deetken Group: Integrated Business Administration Solution Business Administration Current Cost Baseline</li><li>Oracle: The Value of a K12 “Shared Systems” ERP Delivery Model in the province of BC (Presentation to the Ministry of Education)</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>Based on the assumptions detailed above, the cost to implement is estimated to be ~\$2M-\$4M for the HR/Payroll pilot and an additional ~\$2M-\$4M to add the Finance modules</li></ul>

# Opportunity Profile - Attendance Support, Wellness and Occupational Health & Safety

Current State					Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Attendance Support includes all employee wellness and return to work programs as well as the processing of absences monitoring and employee communications related to short term employee absenteeism</li> <li>Employee health &amp; safety refers to staff and resources focused on workplace safety and injury prevention, employee health initiatives, and return to work programs for employees on long-term health-related leave</li> <li>Management of absenteeism has been identified as a major challenge by the in-scope districts</li> <li>Annual replacement costs are roughly \$168 million across the province (Source: Ministry Financial Statements)</li> <li>Absenteeism is as high as 12% for certain segments of the employee population leading to excessive replacement costs</li> <li>Current attendance programs are reactive and lack the data to develop detailed insight into trends and patterns</li> <li>Reporting and tracking of absenteeism is difficult and labour-intensive due to lack of functionality in HR systems</li> <li>Based on assessment to date, only the largest school districts are able to dedicate professionals to manage Health &amp; Safety and Attendance Support functions</li> <li>Smaller districts manage health &amp; safety through their HR staff or as a contracted function</li> <li>BCPSEA currently has a repository of health &amp; safety guidelines on its website that interview contacts have found helpful</li> </ul>					Province-wide	Recurring benefits ~\$10M-\$12M in annual replacement costs
Current Spend ('10/11 Actual)	In-Scope districts	~\$48M in attributable replacement costs	Current FTE ('10/11 Actuals)	In-Scope Districts		
	Province-wide	~\$124M in attributable replacement costs		Province-wide	~36	
#	Current Challenges	Leading Practices			Potential Opportunities	
1	<ul style="list-style-type: none"> <li>Lack of functionality in HR systems and reporting tools prevents proactive management of absenteeism</li> </ul>	<ul style="list-style-type: none"> <li>The presence of a system to monitor attendance can cause a marginal increase in attendance. HR departments have also noted productivity gains and cost savings in processing time entries and running reports (Source: Deloitte - Report on Leading Practices in Attendance Support)</li> </ul>			<ul style="list-style-type: none"> <li>Develop and implement a best practice Attendance Support, Wellness and Occupational Health &amp; Safety program province-wide that is tailored to individual district circumstances</li> </ul>	
2	<ul style="list-style-type: none"> <li>Lack of a standard program and approach for Attendance Support</li> </ul>	<ul style="list-style-type: none"> <li>Developing a comprehensive wellness and return to work program can reduce replacement costs by 8-10% which will more than pay for the increase in staffing to administer the program (Source: Deloitte Expertise)</li> </ul>				
3	<ul style="list-style-type: none"> <li>Lack of skilled staff to perform tasks related to employee wellness and attendance support</li> </ul>	<ul style="list-style-type: none"> <li>Investing in skilled professionals to implement and administer the program will result in replacement cost savings to fund the position (Source: Deloitte Expertise)</li> </ul>				
Additional considerations and leading practices						
<ul style="list-style-type: none"> <li>Changing behaviour requires a long term commitment to education, ongoing support and consistent monitoring. As a result, it is not uncommon for successful boards to begin demonstrating tangible benefits three years after implementation (Source: Deloitte - Report on Leading Practices in Attendance Support)</li> </ul>						

# Opportunity Profile - Attendance Support, Wellness and Occupational Health & Safety

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Develop and implement a best practice Attendance Support, Wellness and Occupational Health & Safety program province-wide that is tailored to individual district circumstances	<ul style="list-style-type: none"> <li>R: ~\$10M-\$12M in annual replacement costs</li> </ul>	<ul style="list-style-type: none"> <li>An improvement in employee health can have a positive impact on organizational culture and employee morale</li> </ul>	<ul style="list-style-type: none"> <li>OT: ~\$0.3M-\$1M External consulting fees</li> <li>R: ~\$1M-\$1.4M<sup>1</sup> in incremental salary</li> </ul>	<ul style="list-style-type: none"> <li>There is risk that an Attendance Support program may not be agreeable to unions</li> </ul>	Tier 1

OT = one-time implementation costs or benefits, R = recurring costs or benefits



# Opportunity Profile - Attendance Support, Wellness and Occupational Health & Safety

Future State Governance Model	Implementation Risks and Considerations
<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Form cross-district steering committee of representatives from a selection of school districts to develop a best practice “blueprint” for BC K-12 attendance support and wellness program based on best practices in BC and other jurisdictions</li> <li>This program would begin with a pilot district and scale outward</li> <li>The systems component of attendance tracking and reporting would potentially be a component of a shared HR/Payroll system or may be a stand-alone program with links to district or provincial HR systems</li> </ul> <p><b>On-going program maintenance and support</b></p> <ul style="list-style-type: none"> <li>Establish a Centre of Expertise (CoE) to deliver attendance support, wellness and occupational health &amp; safety services to districts without capacity to hire an attendance support specialist</li> <li>Local or regional attendance support professionals would be hired (est. 1 attendance support professional for ~1,200 employees). Roles and responsibilities between the districts and the CoEs must be clearly defined.</li> <li>BCPSEA might be the appropriate organization to house the K-12 sector attendance management, wellness and occupational health &amp; safety CoE</li> <li>An advisory committee made up of select school districts should be established to provide on-going advice to Centre of Expertise in the design and administration of the program with an emphasis on a culture of continuous improvement</li> <li>Occupational health &amp; safety would be set up as a complementary program to Attendance Support. The two programs would work together to support a reduction in replacement costs through prevention, safety, and return to work programs. This would be combined with an attendance monitoring component with rigorous processes for tracking and administering absences and make interventions where necessary</li> </ul>	<p><b>Implementation Considerations</b></p> <ul style="list-style-type: none"> <li>The Attendance Support and Wellness program will need to work within existing structures related to collective bargaining agreements</li> </ul> <p><b>Implementation Risks</b></p> <ul style="list-style-type: none"> <li>“Attendance Management/Support” has been a contentious issue with unions in many jurisdictions. Need to be sure to work in conjunction with unions and design programs around employee wellness as opposed to enforcement</li> <li>Attendance Support functions are dependent upon systems to monitor and track employee attendance. The development of an Attendance Support program should be carried out with a close eye on the developments of the HR/Payroll systems for the province as this would be the likely data source. The speed to implement the Attendance Support plan may be impacted by delays in the ability to capture data related to employee absenteeism</li> <li>Deloitte has observed school boards in other jurisdictions that have utilized a substitute dispatch system as a data source for attendance data. This has been observed in BC as well</li> </ul> <p><b>Next Steps</b></p> <ul style="list-style-type: none"> <li>Create a cross-district steering committee to design BC K-12 best practice attendance support and wellness program</li> <li>Conduct district by district assessments to optimize local programs</li> <li>Establish a Centre of Expertise to provide attendance support and wellness services and support implementation of local programs</li> </ul> <p><b>Implementation Steps</b></p> <ul style="list-style-type: none"> <li>Assessment and Planning</li> <li>Implementation</li> <li>Monitoring</li> <li>Evaluation and Refinement</li> </ul>
Key Decisions	
<p><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>Will the Ministry fund (all or a portion) of the design of the best practice program and school district assessments?</li> <li>Will the Ministry mandate BCPSEA as the sector attendance support and wellness Centre of Expertise?</li> </ul>	<p><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>Will the districts fund (all or a portion) of the design of the best practice program and school district assessments?</li> <li>Given the potential savings, will districts be willing to make the upfront investments necessary to hire (or share among smaller districts) dedicated resource(s) to manage these functions internally?</li> </ul>

# Opportunity Profile - Attendance Support, Wellness and Occupational Health & Safety

## Analysis Summary

<b>Initiative Description</b>	<ul style="list-style-type: none"><li>Develop and implement a best practice Attendance Support, Wellness and Occupational Health &amp; Safety program province-wide that is tailored to individual district circumstances</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>The primary data source for analyzing the Attendance Support opportunity was the 2010/11 Substitute Salaries expenditure of ~\$151M</li><li>In order to determine the percentage of these costs that were attributable to sick days, a benchmark of 80% was obtained from Deloitte expertise</li><li>Using this figure, it was estimated that the addressable replacement costs for this initiative are ~\$121M</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>Insight into attendance data is inconsistent across districts and thus there is little granularity into absenteeism that would provide a more detailed assessment of the current state costs and potential savings</li><li>The estimates in this study are purposely conservative</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>2010/11 Ministry of Education Actual Operating Expenditures used for replacement costs</li><li>Deloitte Expertise used for benchmarks</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>Using the Deloitte benchmark of an 8-10% reduction in sick days achieved through a comprehensive Attendance Support and Wellness plan, it is estimated that there would be savings of ~\$10M-\$12M across the sector</li></ul>

# Opportunity Profile – WorkSafe Claims Management

Current State				Opportunity Potential (\$)										
<ul style="list-style-type: none"> <li>WorkSafe Claims Management refers to the filing, administration and, where necessary, appealing of WorkSafeBC claims made by school district employees</li> <li>There are currently three different service models to manage WorkSafeBC claims in place across BC: 1) BC school districts deal individually with WorkSafeBC; 2) they have contracts with School District No. 23; or 3) they have contracts with private Disability Management organizations (i.e. DMI)</li> <li>In 2003, School District 23 dedicated staff to manage WorkSafeBC claims and in 2005 began providing a contracted service for other school districts. This has resulted in dramatic decreases in costs of claims. Currently, School District 23 has partnership contracts for Claims Management with 25 other BC school districts.</li> <li>WorkSafeBC has endorsed the School District No. 23 shared service model by offering to set up a specific, centralized office to streamline flow of communication and services</li> <li>The premiums paid by districts is based on an Experience Rating Assessment which combines claims costs from the past three years in order to determine the rate paid by a district. The rate is calculated against as a discount or surcharge against a base rate. The base rate is assessed as an amount payable for every \$100 in addressable payroll. In 2012 the base rate is \$0.55/\$100. Districts rates range from a discount of up to 50% to a surcharge of up to 100% of this figure</li> <li>By reducing the amount paid out in claims through return to work programs and appealing inappropriate claims, this ERA will come down incrementally over a three year period</li> </ul>				<b>Province-wide</b>	Recurring benefits ~\$0.5M - \$3M <sup>1</sup>									
<table border="1"> <tr> <td>Current Spend ('10/'11 Actual)</td> <td>Province-wide</td> <td>~\$20M-\$25M</td> <td>Current FTE ('10/'11 Actuals)</td> <td>In-Scope Districts</td> <td>~17 FTE</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Province-wide</td> <td>~57 FTE</td> </tr> </table>	Current Spend ('10/'11 Actual)	Province-wide	~\$20M-\$25M			Current FTE ('10/'11 Actuals)	In-Scope Districts	~17 FTE					Province-wide	~57 FTE
Current Spend ('10/'11 Actual)	Province-wide	~\$20M-\$25M	Current FTE ('10/'11 Actuals)	In-Scope Districts	~17 FTE									
				Province-wide	~57 FTE									
#	Current Challenges	Leading Practices			Potential Opportunities									
1	<ul style="list-style-type: none"> <li>Many districts are too small to have dedicated staff to actively manage and (where appropriate) appeal WorkSafeBC claims resulting in higher premiums</li> </ul>	<ul style="list-style-type: none"> <li>A centralized WorkSafe Claims Management centre can reduce administrative burden, reduce duplication across the sector, and increase effectiveness and proactivity of claims management resulting in reduction in claims and, subsequently, lower premium costs</li> </ul>			<ul style="list-style-type: none"> <li>Extend the SD23 WorkSafe Claims Management program to additional districts</li> </ul>									
2	<ul style="list-style-type: none"> <li>Using Private Disability Management organizations is costly for districts</li> </ul>													
3	<ul style="list-style-type: none"> <li>A decentralized model has led to role and work duplication throughout the province, resulting in higher costs for districts and inconsistent results</li> </ul>													
Additional considerations and leading practices														
<ul style="list-style-type: none"> <li>There are districts who have lowered their premiums to below the base rate on their own and others who have experienced better performance with their own programs as opposed to private programs or the SD23 program. In these cases, districts should be allowed to continue as a transition may add costs.</li> </ul>														

<sup>1</sup> Source: Ken Emmons, SD23

# Opportunity Profile – WorkSafe Claims Management

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	• Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Extend the SD23 WorkSafe Claims Management program to additional districts	<ul style="list-style-type: none"> <li>R: ~\$0.5M-\$3M<sup>2</sup> through reduced claims premiums at districts not currently working with SD23. Dependent upon the number of districts that sign on and their level of success in reducing their assessed rate for WorkSafe premiums</li> <li>WorkSafe BC has offered to set up a dedicated office for K-12 Education if all districts are managed in a single centre. This would allow them to make changes to its processes in order to suit the realities of the sector (i.e. workplace accommodations for teachers, or other employees or other staff that only work during the school year would not take place during summer break)</li> </ul>	<ul style="list-style-type: none"> <li>Relieve individual districts of the burden of filing, monitoring and managing WorkSafe claims</li> <li>Provide a prebuilt set of processes for districts to rapidly implement a claims management program</li> </ul>	<ul style="list-style-type: none"> <li>R: ~\$1M-\$2M<sup>2</sup> in additional contract fees to be paid by districts joining the program</li> </ul>	<ul style="list-style-type: none"> <li>Districts may resent the loss of local autonomy over claims management decisions</li> <li>There is some risk that the “one size fits all formula will not always be appropriate</li> </ul>	Tier 1

<sup>1</sup> Source: Ken Emmons, SD23

<sup>2</sup> WorkSafe costs and benefits dependent upon the number of districts that adopt the program and their success in lowering premium costs

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile – WorkSafe Claims Management

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>The WorksSafe Claims Management Centre of Expertise would be a centralized office that provides WorkSafe claims management services for all school districts in BC</li> <li>Member districts would pay a contracted price for School District No. 23 to provide an experienced team offering cohesive, consistent WorkSafeBC claims management, improved communication and reduced costs on claims; statistical data would be available to all districts on a timely basis.</li> <li>School District No. 23 would work comprehensively with partner districts and WorkSafeBC to manage a claim from start to finish. Return-to-Work and Disability Management programs to enable injured workers to return to employment as soon as possible in a safe manner are also available</li> <li>Districts that are currently at or below the base rate should assess the cost of their program in comparison with their own whether it be in-house or contracted to a private sector firm. These districts should be able to choose whether or not to join the SD23 program.</li> <li>Districts that cannot demonstrate a comprehensive program where premium costs are at or below base rate and/or are trending downward may be mandated to join the SD23 program</li> <li>Governance systems will need to be put in place in order to manage performance and implement proper succession planning and structure within the SD23 Claims Management Centre</li> <li>Given that the districts that would work with SD23 would generally be above base rate to begin with, performance should be assessed on a district-by-district basis to see that there is improvement with each partner district</li> <li>Given that SD23 will need to hire staff in order to service additional districts, newly added districts should be required to sign on for a minimum term of 3 years in order to avoid fluctuations in demand</li> </ul>	<p><b>Risks and Considerations</b></p> <ul style="list-style-type: none"> <li>District unions may not agree with the district appealing a worker's claim</li> <li>Districts may not wish to "partner" with an outside contractor</li> <li>Districts may feel that they cannot afford the cost of the contract</li> <li>The timeline and availability of new staff will impact the transition</li> <li>Some districts have expressed concern with the "one size fits all" nature of the service and felt that a more localized approach may be more effective</li> <li>The SD23 program is not a "magic bullet" and requires commitment from the individual districts in order to successfully lower claims rates. Within the districts that have worked with SD23 in the past there have been varying success rates. This is largely due to the differences at the school district side and willingness to diligently work within the program to reduce costs. Proper governance must be implemented to ensure that districts meet the requirements in order to be successful in this program.</li> </ul> <p><b>Implementation Approach</b></p> <ul style="list-style-type: none"> <li>With three months lead-time School District 23 would be able to assume responsibility for all 60 school districts</li> <li>Staffing would be increased to service all of the school districts and office space would be required to accommodate added employees</li> <li>Continue to work with WorkSafeBC to develop effective strategies and reduce premiums for districts</li> </ul> <p><b>Next Steps</b></p> <ul style="list-style-type: none"> <li>Incremental hiring of new staff as the number of partner districts increases</li> <li>Secure and set-up new office location when needed</li> <li>Liaise and set-up local contacts from districts that are new to the program</li> <li>Deliver training to new staff</li> <li>Data transfer from school districts</li> <li>Consultation meetings with WSBC</li> </ul>
Key Decisions	
<p><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>Ministry must decide whether to mandate participation for districts who are currently paying WorkSafe premiums that are above the base rate</li> </ul>	<p><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>Districts currently paying premiums at or below base rate must decide whether to partner with SD23 or to continue on their own</li> </ul>

# Opportunity Profile – WorkSafe Claims Management

Analysis Summary	
<b>Initiative Description</b>	<ul style="list-style-type: none"><li>Extend the School District 23 WorkSafe Claims Management program to become a K-12 Centre of Expertise to provide WorkSafe Claims Management services for all districts currently above base rate</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>The analysis performed for this profile centered on the business case provided by Ken Emmons from School District 23</li><li>The analysis focused on the reduction in WorkSafe premiums that would be achieved across the sector if all districts currently paying a surcharge were to bring their Experience Rating Assessment (ERA) down to the base rate of \$0.55 per \$100 of addressable payroll</li><li>If all of these districts to bring their rates down to the base rate, the savings across the sector would be in excess of \$1M</li><li>Another analysis that was performed was to compare the percentage of districts at or below the base rate for districts partnered with SD23 and those that are not. This analysis showed that, since 2007, SD 23 partners have generally outperformed other districts in terms of the percentage of them at or below base rate.</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>The business case for this opportunity is premised on the assumption that the district would see an immediate improvement through contracting with SD23</li><li>While closer inspection may be required, there is not necessarily a correlation between leveraging the SD23 service and a reduction in ERA. This is largely due to factors at the district level that are outside of the control of the SD23 team</li><li>It is also possible that the districts that have signed on with SD23 are those that have the most significant issues with regard to managing their claims and thus a direct comparison is difficult as it is impossible to ascertain what their premiums would be if they had not joined with SD23</li><li>Given that the service is currently a voluntary option for districts, the data may not be strong enough to suggest mandating participation in the SD23 program</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>Ken Emmons, School District 23 – Document to provide an overview of the WorkSafe Claims Management Program and business case for the province wide extension of the program</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>If the SD23 WorkSafe Claims Management were rolled out to the entire district and was successful in reducing premiums to at or below the base rate, the savings across the sector would be ~\$0.5M-\$3M</li></ul>

# Opportunity Profile - Dispatch

Current State						Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Dispatch refers to the processes of contacting and placing temporary staff in order to fill short term vacancies</li> <li>Managing calls from employees and dispatch of replacement staff varies from one district to the next. Some districts have automated systems to process the calls from employees and automatically dispatch the replacement while others are forced to manage this process manually</li> <li>Teachers on Call are generally under contract with more than one district thus making the process of placing replacement staff competitive between districts</li> <li>An automated dispatch system provided by SRB was the most commonly observed system among the in-scope districts. Districts on the SDS platform for HR systems tended to have less functionality and were more likely to have a dedicated full time staff member making calls to place temporary staff, often leading to errors and inefficiencies</li> <li>Discussions have already begun among the in-scope districts, to explore the possibility of a shared dispatch function</li> </ul>						Province-wide	Recurring benefits ~\$0.1M-\$0.3M
Current Spend (*10/11 Actual)	Province-wide	\$2M-\$3M (Source: The Deetken Group IBAS Cost Baseline Report)	Current FTE (*10/11 Actuals)	Province-wide	31-48 FTE (Source: The Deetken Group IBAS Cost Baseline Report)		
#	Current Challenges		Leading Practices		Potential Opportunities		
1	<ul style="list-style-type: none"> <li>Districts that do not have automated call-in and dispatch systems must manually receive calls and call replacements leading to a lack of efficiency and a disadvantage when competing for staff with other districts that have automated call-out systems</li> </ul>		<ul style="list-style-type: none"> <li>Automated call-in and dispatch systems increase the efficiency and effectiveness of administering the placement of temporary staff</li> </ul>		<ul style="list-style-type: none"> <li>Implement a centralized call-in and dispatch system for short-term absences</li> </ul>		
2	<ul style="list-style-type: none"> <li>Teachers on Call (ToCs) are usually contracted out to multiple school districts and thus there is duplication and competition for their time between district dispatch organizations</li> </ul>		<ul style="list-style-type: none"> <li>A single automated dispatch system would be able to track and coordinate the placement of teachers</li> </ul>				
Additional considerations and leading practices							
<ul style="list-style-type: none"> <li>Dispatch of temporary staff is a common element in an HR Shared Service Centre and there are modules available to perform this function in leading Human Resource Information Systems (HRIS). This function could be managed as a stand-alone service in the near term</li> </ul>							

# Opportunity Profile - Dispatch

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Implement a centralized call-in and dispatch system for short-term absences	<ul style="list-style-type: none"> <li>R: ~\$0.1M-\$0.3M<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Reduced competition for temporary staff among districts</li> <li>Increased quality of service for districts that do not currently have access to an automated dispatch system</li> </ul>	<ul style="list-style-type: none"> <li>Potential incremental system costs</li> </ul>	<ul style="list-style-type: none"> <li>Risk of lowered service levels or dominance by larger districts</li> <li>“One size fits all” approach may not be appropriate in all cases</li> </ul>	Tier 2

<sup>1</sup> Business case for Shared Dispatch function based on current costs of between ~\$2M-\$3M (Source: Deetken Group – IBAS Current Cost Baseline). Deloitte’s 2011 Global Shared Services Survey indicates average annual savings from Shared Services at 8%. Range based 4%-12% savings used

OT = one-time implementation costs or benefits, R = recurring costs or benefits



# Opportunity Profile - Dispatch

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• A Dispatch Centre of Expertise would perform dispatch duties on behalf of the school districts</li> <li>• Proper controls would need to be in place to ensure that the districts are treated equally in the system and have equal access to available staff</li> <li>• The Dispatch Centre of Expertise would be a key source of data for the Attendance Management programs</li> </ul>	<ul style="list-style-type: none"> <li>• The primary risk would be that districts who already have a well functioning dispatch function would experience a reduction in services levels by moving to a centralized service</li> <li>• There is complexity in employee data management that will need to be addressed. Temporary employees' personnel records would need to be kept in one place or imported from the centralized dispatch system. In the event that a centralized HRIS is implemented, this risk could be reduced</li> <li>• While efficient, automated systems for employees to call in sick can have a negative impact on attendance programs as employees can easily call in without having to justify their absence (Source: Deloitte Expertise). In the event that a shared dispatch program is put in place, the automation should be confined to the dispatch function and not the call-in system. This may negate some of the benefits</li> <li>• The potential savings from a shared dispatch function may not justify the complexity of setting up and managing this function, With this in mind, it may be a better choice to consider dispatch as a component of any HR Shared Service initiatives that would be feasible once a shared HR/Payroll system has been implemented</li> </ul>

## Key Decisions

Ministry Decisions	School District Decisions
<ul style="list-style-type: none"> <li>• Will the Dispatch Centre of Expertise operate separately or as part of a larger HR Shared Services Centre?</li> <li>• Will the Dispatch Centre of Expertise tie in with the Attendance Management program?</li> </ul>	<ul style="list-style-type: none"> <li>• Districts must decide if they would be interested in acting as a pilot for this initiative</li> </ul>

# Opportunity Profile - Dispatch

## Analysis Summary

**Initiative Description**

- Implement a centralized call-in and dispatch system for short-term absences

**Analysis**

- The IBAS data collected estimated Dispatch costs to be ~\$2M-\$3M for the entire K-12 sector. Deloitte’s 2011 Global Shared Services Survey was used in order to assess potential savings from a centralized model
- The survey indicated that average annual savings from Shared Services is ~8%. In order to allow for any inaccuracies in the benchmark a range of 4%-12% savings was used.

**Assumptions and Limitations**

- The analysis performed was based on data collected in the IBAS assessment. The savings from Shared Services were general metrics and were not specific to the Dispatch function.

**Data Sources**

- Deetken Group - IBAS Current Cost Baseline
- Deloitte - 2011 Global Shared Services Survey

**Conclusion**

- A shared dispatch function represents an opportunity to achieve ~\$0.1M-\$0.3M in annual savings

# Opportunity Profile - Recruitment

Current State						Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Recruitment includes the sourcing, interviewing and hiring of candidates for employment at school districts</li> <li>The Make a Future (MAF) program is centrally provided by BCPSEA. The cost of the program is shared between BCPSEA and the districts. The districts contribute ~\$0.3M . Make a Future includes the following services:               <ul style="list-style-type: none"> <li>A subscription to a BC branded recruitment portal and unlimited access to the job board</li> <li>On-demand access to a centralized recruitment advertising and administration service</li> <li>Promotional support in the form of banner advertising, e-mail marketing, social media engagement, search engine advertising, and job fair representation at national and international events</li> <li>Human resources templates: job description samples, job posting samples, short-listing criteria, behavioural interview questions, reference check forms, and recruitment toolkits</li> <li>Access a cost-effective and highly tailored executive search service that includes direct recruitment, interview facilitation/training, pre-employment assessments, and reference checks</li> <li>Tailored in-service training for HR in the education sector</li> <li>Customer/technical/administrative support and software training</li> </ul> </li> <li>While the majority of districts are using all features of MAF, some have only implemented the basic features (i.e. job board)</li> <li>Internal recruiting is done independently by each district using district designed processes which are often paper-based</li> <li>Number of dedicated recruitment staff varied significantly among the four districts surveyed for the IBAS study</li> <li>Each district separately conducts reference, credential and criminal record checks on applicants. In 2011 there were an estimated 15,204 background, criminal record and reference checks performed for teachers throughout the K-12 sector</li> <li>At present, criminal record checks for teachers are provided by the Teacher Regulation Branch</li> </ul>						Province-wide	Recurring benefits ~\$0.4M-\$0.9M
Current Spend (*10/11 Actual)	Province-wide	~\$2M-\$3M (Source: Deetken Group IBAS Cost data collection)	Current FTE (*10/11 Actuals)	Province-wide	~40-45 FTE (Source: Deetken Group IBAS Cost data collection)		
#	Current Challenges		Leading Practices		Potential Opportunities		
1	<ul style="list-style-type: none"> <li>Duplication of effort in external recruiting as a result of all districts, potentially conducting reference check and criminal record checks on the same candidate</li> </ul>		<ul style="list-style-type: none"> <li>Recruitment administration is one of the HR processes most commonly delivered through a shared services centre. According to Deloitte 2011 Global Shared Services survey 25% of organizations are delivering recruiting administration through a shared service</li> </ul>		<ul style="list-style-type: none"> <li>Add reference, credential and criminal record checks to set of services provided by Make a Future</li> </ul>		
2	<ul style="list-style-type: none"> <li>Duplication of effort in internal recruiting as all districts design and maintain internal recruiting processes</li> </ul>		<ul style="list-style-type: none"> <li>Make a Future has saved districts at least an estimated \$55,000 per year<sup>1</sup> on recruitment administration</li> </ul>		<ul style="list-style-type: none"> <li>Extend Make a Future to include internal recruiting process</li> </ul>		
3	<ul style="list-style-type: none"> <li>Lack of consistency between district internal recruiting processes making moving between districts difficult</li> </ul>						
Additional considerations and leading practices							
<ul style="list-style-type: none"> <li>Make a Future also provides executive search services at a discount of 40-50%<sup>1</sup> from external firms</li> </ul>							

<sup>1</sup> Source: BCPSEA

# Opportunity Profile - Recruitment

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	<p>Develop a Recruitment Centre of Expertise at BCPSEA that includes the following:</p> <ol style="list-style-type: none"> <li>Add reference check and criminal records checks to set of services provided by Make a Future</li> <li>Make a Future provides internal recruiting process portal to each district</li> </ol>	<ul style="list-style-type: none"> <li>R: ~\$0.4M-\$0.9M in reduced effort for criminal record, credential and reference checks</li> <li>Reduced administrative costs for internal recruitment</li> <li>Central processing will create meaningful data for planning across the sector</li> </ul>	<ul style="list-style-type: none"> <li>Reduce duplication and standardize processes across the sector</li> <li>Standardize the internal recruitment process and deliver better matches for posted positions with less manual effort</li> </ul>	<ul style="list-style-type: none"> <li>Incremental staff costs</li> <li>R: \$0.3M in annual incremental costs to expand MAF to include the Internal Applicant Management System<sup>1</sup></li> <li>Potential need for an intranet system to manage documents and other processes</li> </ul>	<ul style="list-style-type: none"> <li>Potential that a “one size fits all” approach does not work for everyone</li> </ul>	Tier 2

<sup>1</sup> Source: BCPSEA

OT = one-time implementation costs or benefits, R = recurring costs or benefits

# Opportunity Profile - Recruitment

Future State Governance Model	Implementation Risks and Considerations
<p><b>External Recruiting</b></p> <ul style="list-style-type: none"> <li>• BCPSEA provides all recruiting administration services leveraging the Make a Future platform for internal and external recruiting</li> <li>• The extension of the Make a Future program is meant to cover transactional recruiting processes only. Under this program, school districts would continue to conduct interviews and make final hiring decisions at the district and school level.</li> <li>• Make a Future conducts criminal record, credential, and reference checks on preferred candidate</li> </ul> <p><b>Internal Recruiting</b></p> <ul style="list-style-type: none"> <li>• Make a Future provides internal recruiting administration portal and process support</li> <li>• School districts identify job postings, interview candidates and make final hiring decisions</li> </ul>	<p><b>Implementation Considerations</b></p> <ul style="list-style-type: none"> <li>• Make a Future is an established platform meaning that there is little upfront implementation required in extending its functionality</li> </ul> <p><b>Implementation Risks</b></p> <ul style="list-style-type: none"> <li>• There is a technology risk that increasing the scope of Make a Future will result in a reduction of service levels</li> <li>• There is a risk that districts will be reluctant to utilize this service</li> </ul>
Key Decisions	
<p><b>Ministry Decisions</b></p> <ul style="list-style-type: none"> <li>• Will the Ministry mandate Make a Future as the internal recruiting portal for the K-12 sector?</li> <li>• Will the Ministry fund the extension of the Make a Future platform and expansion of BCPSEA service provision?</li> </ul>	<p><b>School District Decisions</b></p> <ul style="list-style-type: none"> <li>• Will districts agree to consolidate current recruitment spend to support increasing capacity of BCPSEA to provide necessary recruiting service levels?</li> </ul>

# Opportunity Profile - Recruitment

Analysis Summary	
<b>Initiative Description</b>	<ul style="list-style-type: none"><li>• Add reference, credential and criminal record checks to set of services provided by Make a Future</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>• The analysis of the centralization of reference, credential and criminal record checks is based on reduced duplication and employee effort</li><li>• In 2011 there were an estimated 15,204 background , criminal record and reference checks performed throughout the K-12 sector</li><li>• At an average of 2.5-3.5 hours for a detailed reference check, this equates to ~46,000-53,000 labour hours or ~22-30 FTE (~\$1M-\$2M) across the sector</li><li>• By centralizing this process and contracting to an external vendor, BCPSEA could provide this service for ~\$0.4M-\$0.9M</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>• The figures are estimates. A more detailed study of the reference check process may be required</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>• BCPSEA</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>• Centralization of reference, credential and criminal record checks could save the education sector ~\$0.4M-\$0.9M</li></ul>

# Opportunity Profile - Legal

Current State						Opportunity Potential (\$)	
<ul style="list-style-type: none"> <li>Legal encompasses the provisions of legal advice either through in-house counsel and contract support for school districts in relation to employment litigation. Labour and arbitration-related advice make up the majority of required legal support</li> <li>BCPSEA's mandate includes the provision of labour relations advice and services to school boards. All grievances and other litigation-related matters are filed with the individual districts and then forwarded to BCPSEA. BCSEA selects which of these it can manage (according to its current mandate) and refers the rest back to the districts. BCPSEA's mandate is to manage and fund grievances with provincial implications.</li> <li>For the period of May 1, 2011 to May 15, 2012 a total of 163 BCTF arbitration referral files were opened. BCPSEA handled 72 of these and sent the remaining 91 back to the school districts to be processed locally. The districts then deal directly with law firms. It is estimated that ~70% of districts deal separately with the same firm</li> <li>Many cases are similar and could be processed as a group resulting in as much as an 85%<sup>1</sup> reduction in fees through reduced duplications of upfront work presently done on each case</li> <li>Once a case has been sent back to the local districts, all activities are performed separately at the district's expense</li> <li>There are not currently any districts with an in-house counsel and it is rare that any districts carry in-house counsel on a sustained basis. Court costs for an arbitration are \$30,000 for preparation and \$10,000 per day</li> </ul>						Province-wide	Recurring benefits \$1M-\$4M
Current Spend <sup>1</sup> (2007/2008 actuals)	In-Scope districts	~\$3M (Fees)	Current FTE (2007/2008 actuals)	Province-wide	~36 Labour Relations staff members (Source: The Deetken Group IBAS Cost data collection)		
	Province-wide	~\$5M (Fees)					
#	Current Challenges		Leading Practices			Potential Opportunities	
1	<ul style="list-style-type: none"> <li>The current model for legal services is costly to the districts and requires extensive administrative costs to administer numerous contracts</li> </ul>		<ul style="list-style-type: none"> <li>According to the 2011 Global Shared Services survey 19% of organizations are moving legal services to a shared services centre. Contracting support and legal reporting are the most common processes delivered through a shared services centre</li> </ul>			<ul style="list-style-type: none"> <li>Centralize coordination and delivery of legal services for employment litigation through BCPSEA</li> </ul>	
2	<ul style="list-style-type: none"> <li>Lack of a provincial view of implications of specific grievances creates risk that bargaining process will be undermined through grievance process</li> </ul>						
3	<ul style="list-style-type: none"> <li>There is considerable duplication of effort and resources expanded on similar issue grievance and legal files<sup>1</sup></li> </ul>						
Additional considerations and leading practices							
<p>The unions representing K-12 Education employees manage grievances centrally while the employers manage grievances at the district level. Consolidating employment litigation operations within BCPSEA could add additional value because each organization will have a Provincial view of issues which could lead to streamlining of employment litigation processes</p>							

<sup>1</sup> Source: BCPSEA

# Opportunity Profile - Legal

#	Potential Opportunities	Benefits		Costs		Est. Timing of Benefit
		Quantitative Benefits	Qualitative Benefits	Quantitative Costs	Qualitative Costs	
1	Centralize coordination and delivery of legal services for employment litigation through BCPSEA	R: \$1M-\$4M in reduced legal costs due to bundling of similar cases	<ul style="list-style-type: none"> <li>Centralize employment litigation discussions at the highest level of the employer and union representative organizations</li> <li>Standardize management of grievances across the province creating an increase in equity</li> <li>Reduction in legal fees through consolidation of contract</li> </ul>	<ul style="list-style-type: none"> <li>Marginal staff increases depending on how much litigation work is performed in-house</li> </ul>	<ul style="list-style-type: none"> <li>Potential that districts will not receive the dedicated attention that they have become accustomed to when dealing with law firms individually</li> </ul>	Tier 1



# Opportunity Profile - Legal

Future State Governance Model	Implementation Risks and Considerations
<ul style="list-style-type: none"> <li>• BCPSEA coordinates the delivery of all legal services to school districts through a combination of in-house council and previously negotiated standing offers with external vendors</li> <li>• BCPSEA provides school districts with regular reports on costs, trends and outcomes of specific files</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that a “one size fits all” approach may not be suitable for all districts</li> <li>• Concern that individual districts will not receive the same level of dedicated attention that they have become accustomed to when dealing with law firms individually. The governance model of BCPSEA would need to take this into account and, where necessary, allow the district to receive dedicated support when they are facing a unique localized labour relations issue</li> </ul>
Key Decisions	
Ministry Decisions	School District Decisions
<ul style="list-style-type: none"> <li>• The Ministry must decide whether to employment litigation processes for school districts will be centrally managed</li> <li>• The Ministry must create a funding model to allow BCPSEA to operate</li> </ul>	<ul style="list-style-type: none"> <li>• School districts must agree to contribute existing legal expense budgets to BCPSEA budget and to work with the BCPSEA employment litigation centre</li> </ul>

# Opportunity Profile - Legal

## Analysis Summary

<b>Initiative Description</b>	<ul style="list-style-type: none"><li>• Centralize coordination and delivery of legal services for employment litigation through BCPSEA</li></ul>
<b>Analysis</b>	<ul style="list-style-type: none"><li>• The opportunity to achieve savings through centralizing the coordination and delivery of legal services for employment litigation through BCPSEA is based on reduced legal costs from consolidating similar cases</li><li>• In the past year, districts independently procured legal services for their own employee litigation on 91 cases at an estimated cost of ~\$50k-\$70k per case</li><li>• Many of these cases are similar in nature and could be managed centrally</li></ul>
<b>Assumptions and Limitations</b>	<ul style="list-style-type: none"><li>• Further analysis would be required in order to accurately determine the reduction in cases achieved through centralization</li></ul>
<b>Data Sources</b>	<ul style="list-style-type: none"><li>• BCPSEA</li><li>• The Deetken Group IBAS Cost data collection (current state Labour Relations FTEs)</li></ul>
<b>Conclusion</b>	<ul style="list-style-type: none"><li>• By centralizing employment litigation through BCPSEA, it is estimated that the number of grievances could be reduced by ~50-85%, resulting in savings of \$1M-\$4M</li></ul>

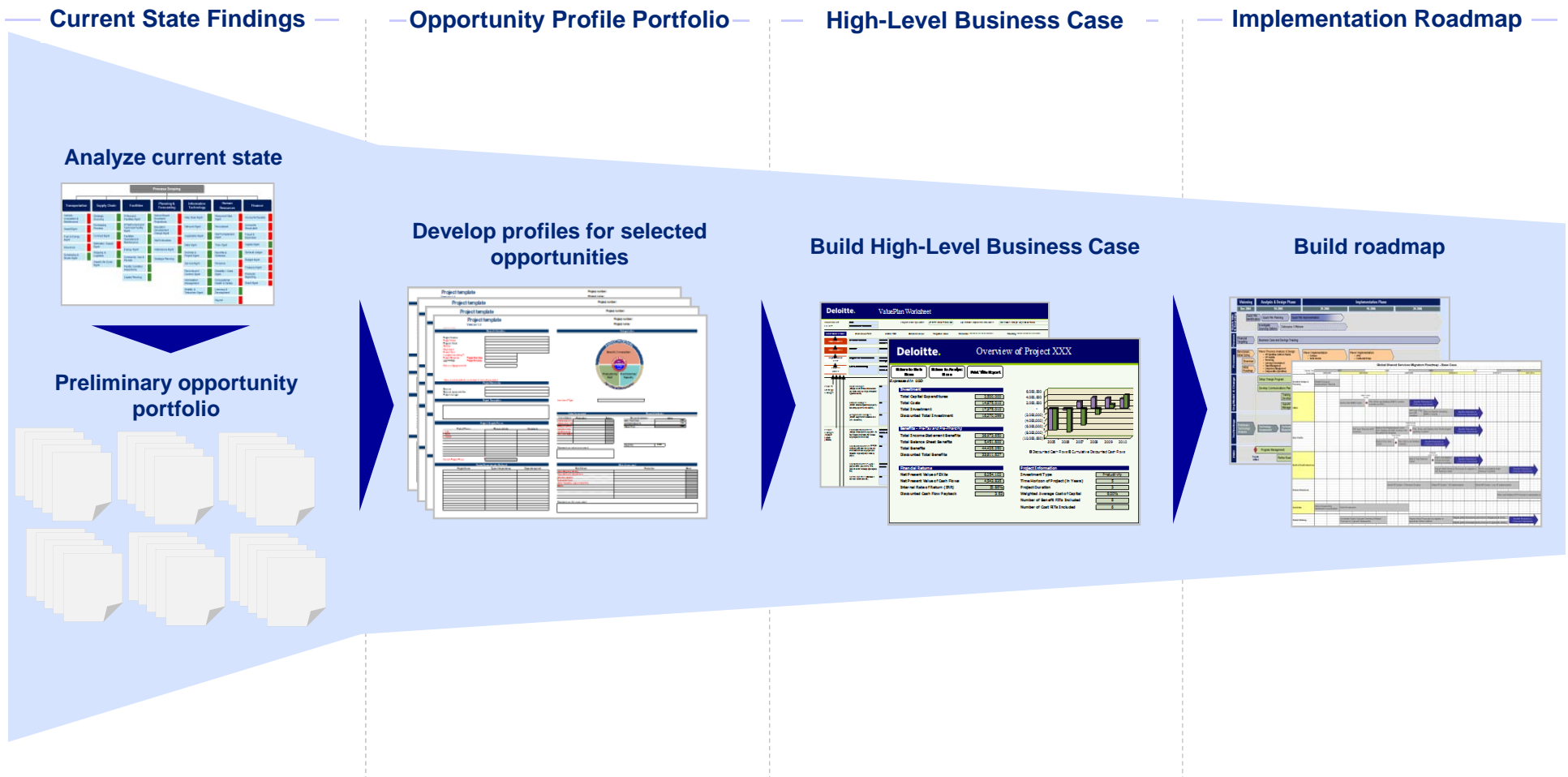
# Human resources and finance opportunities no longer in scope

Area	Sub-Function	Opportunity	Reason
Human Resources	Learning and Development	Coordinate Learning and Development programs across the K-12 sector	Outside of core principles for project, limited shared cost opportunities
Finance	Capital Project Accounting	Centralize capital project accounting	Savings opportunity not sufficient to warrant further analysis
Finance	Travel and Expenses	Centralize processing and payment of Travel & Expense reimbursement claims	Savings will be made possible with a shared Finance system. In the future this could be a component of a Finance Shared Services organization
Finance	Financial audit services	Financial audit services	Audit fees are relatively low for school districts and do not represent a major savings opportunity
Finance	Leadership/Executive	Shared Leadership/Business Operations Centre/Secretary Treasurer	Savings opportunity not sufficient to warrant further analysis
Finance	Treasury and Cash Management	Shared Investment Pool	Deleted – already in progress
Finance	Treasury and Cash Management	Centralized Treasury Management	Treasury Management functions are school districts are not complex and represent little to no opportunity to achieve savings through centralization
Finance	Treasury and Cash Management	Centralize bank relationships	Due to large capital reserves districts generally do not currently pay fees. Once districts have transitioned to a Shared Investment Pool, some may begin to incur fees at which point this could become attractive

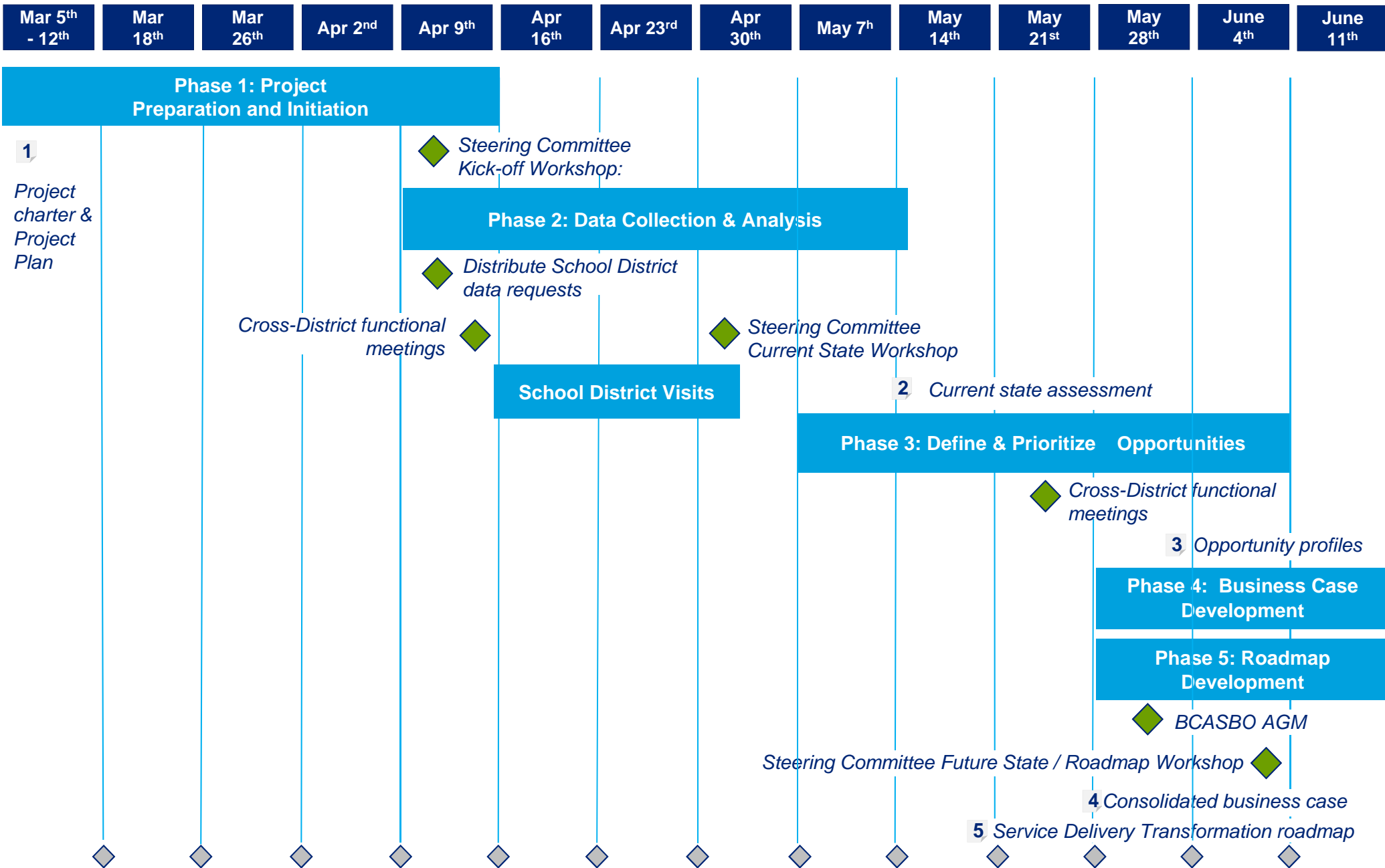
# Project Overview

# Opportunities were continually refined through a series of phases

- This Service Delivery Transformation project followed a four-phased approach that leveraged qualitative and quantitative BC school district data, Ministry information and best practices to identify opportunities that should be further explored



# Service delivery transformation project plan



# Opportunities were assessed and prioritized using a common set of criteria

- The following key criteria were used to prioritize service delivery transformation opportunities for analysis and implementation:

Criteria	Description	Prioritization impact
Cost Savings	The level of cost savings expected to be achieved by the opportunity	Higher savings levels will be given higher priority
Time to Benefit Realization	The time horizon for benefits from the opportunity to be realized	Shorter time horizon to realizing benefits will be given higher priority
Level/Timing of Investment	The level and timing of investments required to achieve desired benefits	Lower investment requirement or manageable investment time horizons will be given higher priority
Implementation Complexity	The complexity (i.e. technical, political) of the effort required to implement the opportunity	Lower implementation complexity will be given higher priority

- Additional lenses were used to determine if specific opportunities should be further explored by school districts and the Ministry, including linkage to the BC Education Plan, level of support at the district and Ministry level and whether or not the opportunity leverages current practices in BC

# Service Delivery Transformation – Key Project Meetings

- The following key meetings were held throughout the Service Delivery Transformation project

Meetings	Date	Description
<b>BCASBO Executive</b>	March 2, 2012	Deloitte met with the BCASBO Executive to provide an introduction to the Service Delivery Transformation project
<b>Steering Committee Kick-off Workshop</b>	April 3, 2012	Purpose of the meeting was to discuss the overall approach for the project, agree on the initial functional scope and provide an overview of service delivery transformation
<b>School District Visits and Interviews</b>	April 12 to 27, 2012	Districts visits and interviews were conducted with personnel from all the in-scope functional areas and school districts in order to gain an in-depth understanding of current state challenges and limitations.
<b>Steering Committee Current State Workshop</b>	April 30, 2012	Purpose of the meeting was to present and discuss the results of the current state assessment and agree on the opportunities to analyze further
<b>BCASBO Annual General Meeting</b>	May 24, 2012	Purpose of the presentation was to update School Districts on the project and emerging opportunities
<b>Steering Committee Future State Workshop</b>	June 6, 2012	Purpose of the meeting was to present and discuss the specific opportunities for further exploration, governance models for next steps and the overall Service Delivery Transformation roadmap

- In addition to the above meetings, numerous conference calls and one-on-one discussions were held with school district functional subject matter experts throughout the project



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