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Item No. 15.1.6
Halifax Regional Council
November 18, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Brad Anguish, Acting Chief Administrative Officer

DATE: November 10, 2025

SUBJECT: Service Review Framework

ORIGIN

July 8, 2025 Halifax Regional Council (15.1.1):

MOVED by Mayor Fillmore, seconded by Councillor Gillis

THAT Halifax Regional Council:

1. Direct the Chief Administrative Officer to return to Council with a proposal for a comprehensive service review framework, including a classification model for core and non-core services, and options for internal or consultant-led execution;

MOTION PUT AND PASSED UNANIMOUSLY.

EXECUTIVE SUMMARY

A service review is a systematic review of municipal services and programs to identify optimal service levels and opportunities for improvement and cost savings. It is recommended that Halifax Regional Council adopt a Service Review Framework as described in Attachment 1.

The Service Review Framework proposed includes delivery of the following phases:

Phase 1 – Municipal Service Review - A single high-level review completed using an objective third-party to categorize services and analyze service levels to recommend options for cost savings.

Phase 2 – Secondary Reviews – multiple targeted reviews based on the findings from the Municipal Service Review.

It is expected that the Municipal Service Review can be completed by September 2026 to provide information for the 2027/28 budget. Additionally, four to six Secondary Reviews may be required per year for approximately five years to continue achieving savings.

Completion of the Municipal Service Review in 2026/27 is anticipated to cost \$350,000, funded through the Options Reserve. Annual costs will vary based on the number of secondary reviews conducted, and

whether these are completed by internal resources and/or third parties.

The total cost of the program over six years is estimated to be \$3.3 Million with \$2.1 Million being estimated as consultant costs and \$1.2 Million as internal costs. There are no net new internal costs expected to deliver this program – internal costs are included to show an ‘all-in’ cost for the program.

The estimated annual savings is \$5.6 Million to be realized after the sixth year of the program. For every dollar invested in the program (both consulting costs and internal costs), it is estimated \$1.7 will be returned to the municipality in annual savings. However, only considering the net new costs, the average savings are \$2.7 for every dollar invested in the program.

This is a conservative estimate, and savings are largely dependent on the opportunity that exists and the commitment to implementing recommendations.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve the Service Review Framework as set out in Attachment 1 of this report, subject to yearly budgetary availability and approval.
2. Direct the Chief Administrative Officer to carry out the actions contained in the Service Review Framework as part of the multi-year budgeting and business process.
3. Approve an unbudgeted reserve withdrawal from the Options Reserve, Q421 in the amount of \$350,000 as per the Financial Implications section of the report.
4. Direct the Chief Administrative Officer to provide annual progress reports on the implementation of the Service Review Framework to Regional Council.

BACKGROUND

The Halifax Regional Municipality (the Municipality) has experienced budget pressures in recent years, and results from the 2024 Resident Survey showed a decrease in resident satisfaction with municipal services. Faced with similar rising budget pressures, many Canadian municipalities have undertaken service reviews to provide an objective analysis of municipal service value.

Regional Council passed a motion on April 8, 2025, for the Municipality to return with a staff report that would consider financial sustainability and service delivery enhancement opportunities for core services to identify efficiencies, find capacity, and increase productivity.

A staff report was produced in response to the motion and presented to Council on July 8, 2025 – [15.1.1: Options & Considerations for 2026-2027 Budget & Business Plan](#). Council approved the recommendation to direct the Chief Administrative Officer to return to Council with a proposal for a comprehensive service review framework, including a classification model for core and non-core services, and options for internal or consultant-led execution.

Currently, there is no adopted definition of core services. The intent of defining core services is to identify areas where a city or municipality is overcommitting on obligations – ultimately to identify opportunities for savings and redirect resourcing.

The discussion on July 8 highlighted the need for Council engagement in the Service Review Framework,

a greater focus on cost-effectiveness and service value, and objective third-party review.

To align with the proposed schedule and support the 2026/27 budget process, this report was submitted directly to Council under section 12B of the Financial Reserves AO. This provision allows the CAO to bypass Audit and Finance when a matter involves an unbudgeted reserve withdrawal and cannot wait for the next scheduled meeting.

DISCUSSION

Ten cities which conducted service reviews (or similar) in the past were reviewed through publicly available documents and interviews with four cities. The ten jurisdictions examined included: Toronto, Calgary, Edmonton, Region of Waterloo, Guelph, St. Catharines, Oshawa, Saskatoon, Vancouver, Nanaimo.

A service review is a systematic review of municipal services and programs to identify optimal service levels and opportunities for improvement and cost savings. While a service review is defined differently across cities/municipalities, some of the common themes include:

- review of costs and funding of services
- review of performance (efficiency and effectiveness), and
- service level review.

Service reviews help to methodically and proactively identify ways to decrease costs and improve satisfaction related to services. While municipal business units and divisions have identified many cost reduction opportunities, to support informed decisions, a consistent and holistic approach to measure the impacts and risks of these reductions is required. This ensures that all relevant information is available and clearly presented to decision-makers.

The benefits of a service review are:

- Demonstrated proactive approach to cost reduction.
- Connects municipal expenditures with service value.
- Consistent and structured methodology to identify impactful opportunities to decrease cost and increase satisfaction with services.
- Objective analysis following best practice.
- Better use of internal continuous improvement resources within the organization to realise improvement opportunities.
- Can be a catalyst for establishing a culture of lean thinking and better performance measurement.
- Ability to quantify and communicate potential savings and tangible benefits associated with improvements.

Proposed Service Review Framework

The following framework is recommended based on estimated annual net benefit of the program as well as reduced timelines:

Phase 1 – Municipal Service Review – Complete a single high-level review using an objective third-party to categorize services and analyze service levels to recommend options for cost savings. The process includes:

- **Service current state:** Outlines the current state of all municipal services, the associated service levels, and categorizes them (legislated/mandatory, operationally essential, etc.).

- Service evaluation: Compares municipal services against other municipalities, identifies services that are not typically provided by other jurisdictions (unique to the municipality), service cost comparatives to identify where spending is higher,
- Financial savings opportunities: Based on the first two components and a risk or impact assessment, provides recommendations for potential financial savings.
 - a. Short-term: Identify where the municipality may be over-servicing and potential short-term reductions.
 - b. Long-term: look for process improvements/automation opportunities and alternative service delivery methods to determine if there are more cost-effective options.

Phase 2 – Secondary reviews – Complete multiple targeted reviews based on the findings from the Municipal Service Review (e.g., evaluate alternative service delivery approaches for Library Services)

- These may be completed by:
 - The affected business unit
 - Corporate Performance (CPE)
 - A third party, depending on the requirement for objective review and impact to residents/internal employees.

It is recommended that *Phase 1 – Municipal Service Review* be completed by an external third-party to ensure the analysis is objective.

- Service Reviews conducted for other cities included comparatives to other jurisdictions that are not readily available to the municipality. Consultants regularly completing Service Reviews have access to information from other jurisdictions which will increase the quality of the assessment.

Alternatives to the delivery approach recommended are provided in Attachment 2 – Service Review Framework Alternatives.

Service Categorization

The municipality has compiled a Corporate Service Catalogue that identifies all service outputs and associated service standards. These must now be categorized to identify areas where the municipality may be overcommitting on obligations – ultimately to identify where resourcing may be redirected.

It is recommended to not utilize the ‘core’ versus ‘non-core’ services that were originally presented on July 8, 2025.

- Decision-making related to service reduction and even removal is more complex and requires consideration of multiple dimensions. Additionally, during the Municipal Service Review, consultants will guide the municipality in adopting categories and assessment criteria.

Below are preliminary categories and dimensions required to assess services:

The first dimension considers drivers for providing the service.

Category	Definition
Legally required	Services delivered by the municipality that are required under legislation. For example, this legislation includes acts such as the <i>Halifax Charter, Municipal Government Act, Fire Safety Act, Police Act</i> , as well as statutes, regulations,

Category	Definition
	interpretations, and municipal legislation such as By-laws, Administrative Orders.
Practically required	Services that are essential to the operation of the municipality and support corporate, financial and governance obligations.
Conventional	Services that have been provided historically since amalgamation and public expectations are high for delivering these services.
Other	Services delivered by the municipality that are not required under legislation, are not essential to the operation of the municipality and are not conventional.

Other dimensions that may be considered in the analysis of services and recommendations for cost reductions are:

- The impact to communities and/or residents expressed by the type of impact and the magnitude of the impact.
- The risk of implementing recommendations such as financial and legal implications.
- The impact to municipal employees and internal operations.
- The feasibility of implementing recommendations.

The final dimensions and categories used to analyze services will be identified and presented to Regional Council once a consultant is onboarded.

Service Enhancements for fiscal 2026/27 have been categorized to provide information to Regional Council for the purposes of decision-making.

Additional information regarding processes, program reporting and monitoring, and roles and responsibilities are described in *Attachment 1 – Service Review Framework*.

FINANCIAL IMPLICATIONS

To fund the Municipal Service Review, Council may approve an unbudgeted reserve withdrawal from the Options Reserve, Q421 in the amount of \$350,000. To meet the proposed schedule and provide information ahead of the 2026/27 budgeting process, this report was brought straight to Council under section 12B of the *Financial Reserves AO*, which allows the CAO to submit a report directly to Council where the CAO is satisfied that the matter could not wait until the next scheduled meeting of Audit and Finance, and the matter involves an unbudgeted reserve withdrawal.

Budget Summary: Q421(Options Reserve)

Projected Net Available Balances (as of Q2)	\$13,806,576
Less: Unbudgeted Reserve Withdrawal	<u>\$350,000</u>
Balance Updated Available Balance	\$13,456,576

The incremental cost for the Service Review Program is \$2.1 million over six years related to consulting fees. It is estimated that consulting costs may range between \$0 to \$350,000 per year following the Municipal Service Review depending on the scope and complexity of required Secondary Reviews. The intent is to complete as many Secondary Reviews by internal resources as possible.

No net new full-time equivalents are required to implement the Service Review Program. The program will

be implemented with existing resources and internal costs are estimated at \$60,000 in salary/benefits per review. If an average of four Secondary Reviews are completed internally per year, the annual cost will be equivalent to \$240,000 per year.

The total maximum estimated cost of the Service Review Program is \$3.3 million including both consulting fees and internal costs. Internal costs are included in the estimate to provide an ‘all-in’ cost perspective. The cost of the program largely depends on the number of recommendations and the ability for internal resources to complete Secondary Reviews.

The potential savings were estimated using identified savings from other cities/municipalities that have conducted similar exercises. These savings were then compared to the estimated annual operating budget for the jurisdictions examined.

A conservative annual savings estimated after the sixth year of the program is \$5.6 Million. For every total dollar invested in the Service Review Program, an average annual savings of \$1.7 is expected considering both consulting fees and internal costs. However, only considering the net new costs, the average savings are \$2.7 for every dollar invested in the program.

This is lower than the \$8:1 ratio reported by another city; however, savings are largely dependent on the opportunity that exists and the commitment to implementing recommendations. The maximum savings based on the most ambitious Service Review Program reviewed is \$20 Million in annual savings over six years.

RISK CONSIDERATION

One risk associated with not approving the Service Review Framework is that the Municipality may continue to increase expenses and tax pressures without a thorough review of services. This may result in decreasing satisfaction amongst residents as property taxes and fees increase and perceived value for taxes decreases.

The following risks were identified associated with the implementation of the Service Review Framework, including mitigation strategies:

Risk	Mitigation
Information required cannot be provided within scheduled timelines.	Corporate Planning & Performance will acquire more information regarding time demands of business units. A preliminary schedule will be developed prior to onboarding consultants and will be socialized in advance of the Municipal Service Review with municipal business units.
Unforeseen schedule overruns do not allow the Municipal Service Review to be completed for the Fall of 2026.	A mitigation plan will be developed to present information that is available for the 2027/28 budget regardless of the full report being completed. This will allow Regional Council to make use of the best available information.
The Service Review Program does not meet savings targets.	Regional Council will annually review the Service Review Program results and projected savings. This will allow Regional Council to decide annually on the continuation of the program and future investments.
Change resistance is experienced.	A formal change management plan and communications plan will be developed to ensure employees and residents are aware and understand the intent of the program.

Risk	Mitigation
Cost overruns due to added scope.	Scope changes will be documented and will follow an approval process to ensure value for money. Corporate Planning & Performance will serve as a contract management function for the program – ensuring processes are followed for scope management.

COMMUNITY ENGAGEMENT

No community engagement is required at this time.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

That Halifax Regional Council:

1. direct the CAO to direct staff to conduct the Service Review utilizing both external and internal resources based on Alternative 1 or 2 as set out in Attachment 2 to this report. This may require a withdrawal of a different amount from reserves. This may also require a supplemental staff report;
2. not approve the Service Review Framework as set out in Attachment 1 to this report.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, 2008 SNS c 39:

7A The purposes of the Municipality are to (a) provide good government; (b) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality; and (c) develop and maintain safe and viable communities.

59(3) In addition to matters specified in this Act or another Act of the Legislature, the Council may adopt policies on any matter that the Council considers conducive to the effective management of the Municipality.

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality’s operating budget or capital budget or is otherwise authorized by the Municipality...

121(6) The Municipality may maintain other reserve funds for such purposes as the Council may determine.

Administrative Order 2014-015-ADM, the Financial Reserves Administrative Order:

12B. (1) The Chief Administrative Officer may submit a report directly to Council without a recommendation from Audit and Finance Standing Committee where:

(a) the Chief Administrative Officer is satisfied that there is a matter that cannot be delayed for the next regularly scheduled meeting of the Audit and Finance Standing Committee; and

(b) the matter will have an impact on a reserve or would require a withdrawal from a reserve not previously approved in the budget.

ATTACHMENTS

Attachment 1 – Service Review Framework
Attachment 2 – Service Review Framework Alternatives

Report Prepared by: Jacqueline Pepper, Manager of Corporate Performance, Finance & Asset Management,
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Service Review Framework

Prepared by:

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Corporate Planning & Performance

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Introduction

Background

The Halifax Regional Municipality (the Municipality) has experienced budget pressures in recent years, and results from the [2024 Resident Survey](#) showed a decrease in resident satisfaction with municipal services. Faced with similar rising budget pressures, many Canadian municipalities have undertaken service reviews to provide an objective analysis of municipal service value.

Regional Council passed a motion on April 8, 2025, for the Municipality to return with a staff report that would consider financial sustainability and service delivery enhancement opportunities for core services to identify efficiencies, find capacity and increase productivity.

A staff report was produced in response to the motion and presented to Council on July 8, 2025 – [15.1.1: Options & Considerations for 2026-2027 Budget & Business Plan](#).

Council approved the recommendation to direct the Chief Administrative Officer to return to Council with a proposal for a comprehensive service review framework, including a classification model for core and non-core services, and options for internal or consultant-led execution.

The July 8 discussion at Council highlighted the need for Council engagement in the Service Review Framework, a greater focus on cost-effectiveness and service value and objective third-party review of the organization.

Service review definition

A **service review** is a systematic review of municipal services and programs to identify optimal service levels and opportunities for improvement and cost savings. While a service review is defined differently across cities/municipalities, some of the common themes include:

- review of costs and funding of services,
- review of performance (efficiency and effectiveness), and;
- service level review.

Service review purpose

Service reviews help to methodically and proactively identify ways to decrease costs and improve satisfaction related to services. While municipal business units and divisions have identified many cost reduction opportunities, to support informed decisions, a consistent and holistic approach is required to measure the impacts and risks of these reductions. This ensures that all relevant information is available and clearly presented to decision-makers.

The benefits of a service review are:

- Demonstrated proactive approach to cost reduction.
- Connects municipal expenditures with service value.
- Consistent and structured methodology to identify impactful opportunities to decrease cost and increase satisfaction with services.

- Objective analysis following best practice.
- Better use of internal continuous improvement resources within the organization to realise improvement opportunities.
- Can be a catalyst for efficiency-driven innovation and better performance measurement.
- Ability to quantify and communicate potential savings and tangible benefits associated with improvements.

Jurisdictional scan

Ten cities that conducted service reviews (or similar) in the past were reviewed through publicly available documents and interviews with four cities. The 10 jurisdictions examined included: Toronto, Calgary, Edmonton, Region of Waterloo, Guelph, St. Catharines, Oshawa, Saskatoon, Vancouver and Nanaimo.

Service review scope

The jurisdictional scan revealed that the scope and focus of service reviews varied significantly across the country. However, the general objective was clear across jurisdictions: find the greatest opportunity for efficiency gains and/or cost control.

The following service review aspects were explored:

1. Service profile
 - Why is the service provided?
 - Who provides the service?
 - Who receives the service?
 - What is the value of the service to its users?
2. Level of service
 - Are there documented service standards? Where do they come from?
 - Are communities/residents receiving the level of service they want or need?
 - Could the service standards be modified and what is the impact?
3. Service quality and satisfaction
 - Is the service meeting service standards?
 - What performance information is monitored and what does it tell us about performance?
 - What can be done to improve the quality of service-delivery?
4. Service efficiency
 - Is the service efficient?
 - What could be done to increase efficiency?
5. Financial
 - How is the service generally funded?
 - Are there opportunities to increase revenue?
 - Are there opportunities for cost savings or cost avoidance?

Jurisdictional scan findings by theme

Service review delivery

Two main approaches were identified in other jurisdictions:

1. An objective third-party conducts a high-level service review of the city or municipality – either done as one report or a report by business unit. The findings from this report are then actioned by:
 - o Regional Council directing staff to implement a recommendation.
 - o Regional Council approving workplans and budgets to perform more detailed analysis to inform a decision to implement a recommendation.
2. Regional Council and the Administration agree on service areas to receive more detailed service reviews, and the findings are presented to Regional Council with Action Plans (similar to the process with the municipal Auditor General).

Use of internal vs. external resources

Many of the cities or municipalities examined delivered their service reviews through a mix of resources – both internal and external.

Through interviews, it was identified that many cities felt that internal resources were required to coordinate and support the service reviews. It was beneficial to have an internal team involved consistently so that knowledge remained within the organization and lessened the reliance on external consultants to aid implementation phases.

Service review costs

The cost of a service review is highly dependent on the scope and complexity of the review. The cost range observed was from \$50,000 to \$400,000 per review. Implementing a Service Review Program for a larger city (population of over 1 million) can cost up to \$9 million over several years (both consulting and internal costs). However, the cost may be mitigated by leveraging internal resources as much as possible.

The potential cost associated with different scopes are outlined below:

Service Review Scope	Range
Review of all services by categorizing services, comparing service levels and cost to other cities, recommend options for cost savings	\$150,000 to \$350,000
Review of a business unit, detailed review of costs and opportunities for cost savings	\$400,000
Review of a specific service area or process, identify opportunities for efficiencies and cost savings	\$50,000

Return on investment

Not all cities reviewed shared information on the return on investment of their programs. However, some documents were available to quantify the return on investment. One city claimed a return on investment of \$8 in annual savings for every one-time dollar invested in the

program. Another city reported implementation of recommendations worth \$1.3 million annually following a one-time report that cost approximately \$150,000. However, it is unknown what the actual savings realized were.

It is important to consider that this information cannot be verified, and every jurisdiction has variable opportunity. In some cases, the savings identified were significant, but adoption of the recommendations were low. The return on investment is highly dependent on the commitment to action recommendations and the support available to ensure successful implementation.

The following savings were identified through three Service Review reports conducted by other cities in Canada:

Number of Recommendations	Minimum Annual Savings	Maximum Annual Savings	Approximate Annual Operating Budget
8	\$1.5 million	\$4.5 million	\$500 million
19	\$10 million	\$17 million	\$1.5 billion
N/A	\$60 million	\$70 million	\$3.5 billion

Jurisdictional scan lessons learned

Through interviews with other municipalities/cities, it was discovered that many performance improvement programs with different areas of focus work together to achieve meaningful and lasting results. Cities or municipalities that are achieving reportable tangible successes include the following elements:

- **A top-down lean culture** – Council and senior leaders are actively involved and engaged in continuous improvement discussions. All of the cities/municipalities interviewed regularly and formally reported on financial savings and service improvement project updates to Council.
- **Strong performance monitoring of services and programs** – this acts as a driver of continuous improvement. Service area metrics are regularly reported, and changes are explained.
- **Objective reviews of services or programs** – whether done internally or by consultants, a party outside of the operation performs a high-level analysis to review the value of services.
- **Resources to implement changes** – a centralized group or a decentralized set of continuous improvement resources that are in place to implement changes.

Proposed Service Review Framework

Framework description and scope

The Service Review Framework aims to systematically review services regularly and uncover opportunities for cost reduction and optimize service levels and delivery. The Framework delivers a foundation for repeatable processes to ensure the objective is met over time.

The expected outcomes are:

- 1) Identify areas where the Municipality is overcommitting funding
- 2) Identify areas where the Municipality may provide service in an alternative fashion to decrease costs
- 3) Identify improvement opportunities that will increase efficiency and avoid future costs

The following Framework is recommended based on estimated annual net benefit of the program as well as reduced timelines:

Phase 1 – Municipal Service Review – Complete a single high-level review using an objective third-party to categorize services and analyze service levels to recommend options for cost savings. The process includes:

- **Service current state:** Outlines the current state of all municipal services, the associated service levels, and categorizes them (legislated/mandatory, operationally essential, etc.).
- **Service evaluation:** Compares municipal services against other municipalities, identifies services that are not typically provided by other jurisdictions (unique to the municipality) and compares service costs to identify where spending is higher.
- **Financial savings opportunities:** Based on the first two components and a risk or impact assessment, provides recommendations for potential financial savings. These recommendations will carefully consider the impact to residents and employees.
 - a. **Short-term:** Identify where the Municipality may be over-servicing and potential reductions to impact upcoming fiscal years.
 - b. **Long-term:** Identify process improvements/automation opportunities and alternative service delivery methods to determine if there are more cost-effective options.

Phase 2 – Secondary reviews – Complete multiple targeted reviews based on the findings from the Municipal Service Review (e.g., evaluate alternative service delivery approaches for Library Services).

- These may be completed by:
 - The affected business unit
 - Corporate Performance (CPE)
 - A third party, depending on the requirement for objective review and impact to residents/internal employees.

Delivery

It is recommended that *Phase 1 – Municipal Service Review* be completed by an external third-party (consultant) to ensure the analysis is objective.

- Service Reviews conducted for other cities included comparatives to other jurisdictions that are not readily available to the Municipality. Consultants regularly completing Service Reviews have access to information from other jurisdictions which will increase the quality of the assessment.

Alternatives to the delivery approach recommended are provided in *Attachment 2 – Service Review Framework Alternatives*.

The Municipal Service Review will be completed for all services provided by the Halifax Regional Municipality and will include services that are delivered by other entities but are funded by the Municipality. The scope will include the following elements:

- Confirmation of services and service levels
- Categorization of services
- Cost analysis of service areas and/or services
- Service level analysis comparing service levels to other jurisdictions
- Identification of efficiencies and cost savings
- Impact analysis of implementing recommendations

Municipal services – Current state

The Municipality has compiled a Corporate Service Catalogue that identifies all service outputs and associated service standards. These must now be categorized to identify areas where the Municipality may be overcommitting on obligations – ultimately to identify where resourcing may be redirected.

It is recommended to not utilize the ‘core’ versus ‘non-core’ services that were originally presented on July 8, 2025.

- Decision-making related to service reduction and even removal is more complex and requires consideration of multiple dimensions. Additionally, during the Municipal Service Review, consultants will guide the Municipality in adopting categories and assessment criteria.

Below are preliminary categories and dimensions required to assess services:

The first dimension considers drivers for providing the service.

Category	Definition
Legally required	Services delivered by the Municipality that are required under legislation. For example, this legislation includes acts such as the <i>HRM Charter</i> ,

Category	Definition
	<i>Municipal Government Act, Fire Safety Act, Police Act</i> , as well as statutes, regulations, interpretations, and municipal legislation such as By-laws, Administrative Orders.
Practically required	Services that are essential to the operation of the Municipality and support corporate, financial and governance obligations.
Conventional	Services that have been provided historically since amalgamation and public expectations are high for delivering these services.
Other	Services delivered by the Municipality that are not required under legislation, are not essential to the operation of the Municipality and are not conventional.

Other dimensions that may be considered in the analysis of services and recommendations for cost reductions are:

- The impact to communities and/or residents expressed by the type of impact and the magnitude of the impact.
- The risk of implementing recommendations such as financial and legal implications.
- The impact to municipal employees and internal operations.
- The feasibility of implementing recommendations.

The final dimensions and categories used to analyze services will be identified and presented to Regional Council once a consultant is onboarded.

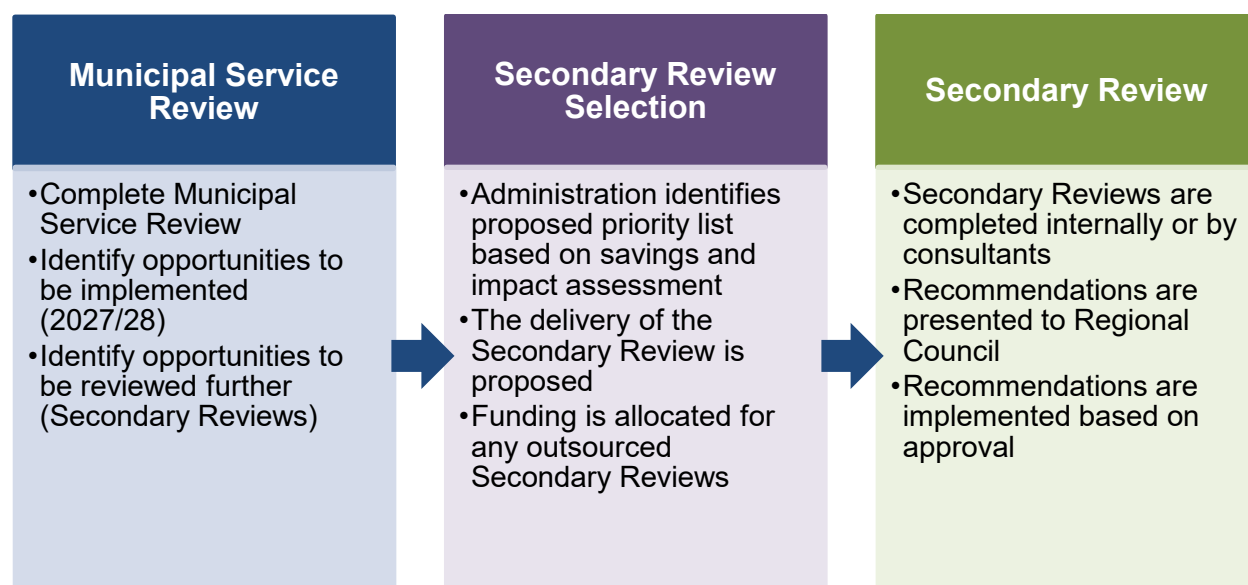
Phase 2 – Secondary Reviews

Phase 2 – Secondary Reviews will be dependent on the findings from the Phase 1 – Corporate Services Review. These may be completed by internal resources and/or by an external third-party. Once the Municipal Service Review identifies opportunities requiring further exploration, these will be prioritized by Regional Council through an annual process ([described below](#)). The Administration will then propose the delivery method for Secondary Reviews based on the following criteria:

	Internal delivery	Consultant delivery (Outsourced)
Description	Corporate Planning & Performance supported by Finance completes the Secondary Review at no new net cost.	The Secondary Review is contracted to a consulting group. The estimated cost for a Secondary Review can be between \$50,000 to \$350,000 based on the scope and complexity of the review.

	Internal delivery	Consultant delivery (Outsourced)
Criteria	<ul style="list-style-type: none"> No specialized knowledge is required The impact for the opportunity being explored is assessed as low to medium The review can be completed within the required timeline 	<ul style="list-style-type: none"> Specialized knowledge is required The impact for the opportunity being explored is assessed as high Internal resources are unavailable to complete the review within schedule.

Annual secondary review process



To ensure minimal impact to budget and schedule, it is expected that three to four Secondary Reviews can be completed by internal resources per year, meanwhile one to two may be completed by consultants.

Schedule

The timelines associated with the delivery of the proposed framework are as follows:

	Milestone	Completion Timeline
Phase I – Municipal Service Review	Award of contract for the Municipal Service Review	February 2026
	Complete Municipal Service Review	September 2026
	Presentation of Municipal Service Review and recommendation for Secondary Reviews	October 2026
	Implementation – Year 1 Savings (subset of recommendations possible to implement in 2027/28)	November/ December 2026
Phase II – Secondary Reviews	Approval of budget – Secondary Review(s) (if required for consultants)	March 2027
	Year 2 – Completion of Secondary Reviews (up to 6)	September

Milestone		Completion Timeline
	reviews per year)	/October 2027
	Presentation of findings – Year 2 Secondary Reviews	November 2027
	Implementation Plans – Year 2 Reviews	December 2027 to March 2028

Secondary Reviews and implementations are expected to stretch beyond Year 2 (2027/28) but are dependent on the number and complexity of recommendations. The number of recommendations expected are between 10 to 30 with approximately 80 per cent requiring Secondary Reviews. Therefore, it is estimated that 20 Secondary Reviews may be required. This means the program has the potential to be in place for five years following the Municipal Service Review with implementations stretching beyond this five-year timeline.

Costs

The net new estimated cost for the Service Review Program is \$2.1 million over six years related to consulting fees. For Year 1, an estimated \$350,000 will be required for the Municipal Service Review report. However, consulting costs may range between \$0 to \$350,000 per year for following years depending on the scope and complexity of required Secondary Reviews. The intent is to complete as many Secondary Reviews by internal resources as possible.

No net new full-time equivalents are required to implement the Service Review Program. The program will be implemented with existing resources and internal costs are estimated at \$60,000 in salary/benefits per review. If an average of four Secondary Reviews are completed internally per year, the annual cost will be equivalent to \$240,000 per year.

The total maximum estimated cost of the Service Review Program is \$3.3 million including both consulting fees and internal costs. Internal costs are included in the estimate to provide an ‘all-in’ cost perspective. The cost of the program largely depends on the number of recommendations and the ability for internal resources to complete Secondary Reviews.

Potential Savings

The potential savings were estimated using identified savings from other cities/municipalities that have conducted similar exercises. These savings were then compared to the estimated annual operating budget for the jurisdictions examined. The savings below represent the estimated potential savings, and it is assumed that only a proportion of these will be realized as seen below:

Total cost of program over 6 years:		\$2.1 million net new (consulting) cost \$1.2 million internal costs (existing resources)			
Minimum Savings Identified	Maximum Savings Identified	Per cent of Identified Savings Realized	Estimated Annual Savings Realized*	Ratio – Annual Savings to Total Cost	Ratio – Annual Savings to Net New Cost
\$8.9 million	\$13.4 million	75 per cent	\$8.4 million	\$2.5	\$4.0
\$8.9 million	\$13.4 million	50 per cent	\$5.6 million	\$1.7	\$2.7
\$8.9 million	\$13.4 million	25 per cent	\$2.8 million	\$0.9	\$1.3

*The Estimated Annual Savings Realized is a theoretical value based on the assumed percentage of identified savings realized and is over six years of the program.

For every dollar invested in the Service Review Program, an average annual savings of \$1.7 is expected considering both consulting fees and internal costs. However, only considering the net new costs, the average savings are \$2.7 for every dollar invested in the program.

This is lower than the \$8:1 ratio reported by another city; however, savings are largely dependent on the opportunity that exists and the commitment to implementing recommendations.

Risks/Constraints

The following risks were identified associated with the implementation of the Service Review Framework, including mitigation strategies:

Risk	Mitigation
Information required cannot be provided within scheduled timelines.	Corporate Planning & Performance will acquire more information regarding time demands of business units. A preliminary schedule will be developed prior to onboarding consultants and will be socialized in advance of the Municipal Service Review with municipal business units.
Unforeseen schedule overruns do not allow the Municipal Service Review to be completed for the Fall of 2026.	A mitigation plan will be made to present information that is available for the 2027/28 budget regardless of the full report being completed. This will allow Regional Council to make use of the best available information.
The Service Review Program does not meet savings targets.	Regional Council will annually review the Service Review Program results and projected savings. This will allow Regional Council to decide annually on the continuation of the program and future investments.

Risk	Mitigation
Change resistance is experienced.	A formal change management plan and communications plan will be developed to ensure residents and employees are aware and understand the intent of the program.
Cost overruns due to added scope.	Scope changes will be documented and will follow an approval process to ensure value for money. Corporate Planning & Performance will serve as a contract management function for the program – ensuring processes are followed for scope management.

Monitoring and Reporting

An annual Regional Council report on year-to-date findings will be provided to ensure the program is achieving value for money. This report will allow Regional Council to determine if the program should continue. The following information will be provided:

- Total cost and projected cost of the program
- Total savings identified and realized
- Identified opportunities and their individual impact assessment
- Challenges and barriers to implementation
- Expected completion dates for reviews and implementation projects

Roles and Responsibilities

The following roles and responsibilities were identified to ensure the Service Review Program meets its objectives:

Regional Council	<ul style="list-style-type: none"> • Review and provide direction on program initiation and continuation • Prioritize Secondary Service Reviews • Approve required funding for the program
Executive leaders	<ul style="list-style-type: none"> • Approve plans and reports prepared for Regional Council • Manage program operationalization and accountability • Final escalation points for budget, schedule and scope issues
Corporate Planning & Performance	<ul style="list-style-type: none"> • Prepare Service Review Program reports for Regional Council • Prepare tender documents and manage contracts for the Municipal Service Review and Secondary Reviews • Prepare project management, change management and communication plans (with Corporate Communications) as required. • Act as a liaison between consultants and business units to aid information collection • Review and verify information is accurate

	<ul style="list-style-type: none"> • Review report findings and confirm feasibility of recommendations • Support recommendation implementations
Financial Reporting	<ul style="list-style-type: none"> • Provide service costs and validate financial analysis performed by consultants • Review report findings and confirm feasibility of recommendations
Municipal Business Units	<ul style="list-style-type: none"> • Business units will be required to participate in all information gathering exercises and review/validate consultant findings. • Development of communications plans as required.
Consultants	<ul style="list-style-type: none"> • Consultants will collect service information and compare to other jurisdictions • Analyze benchmarking and jurisdictional information to identify recommendations for cost savings • Produce final report and presentation to Regional Council

Attachment 2 – Service Review Framework Alternatives

The following program costs and potential annual savings identified were compiled using examples from other cities that implemented similar strategies and normalizing costs/savings to reflect the municipality’s budget in comparison to the cities examined.

Approach Options	Pros	Cons	Cost per year	Years to complete	Max Cost of program	Max Estimated Annual Savings ¹	Max Net Savings per year
<p>Recommended Approach: One Municipal Service Review completed which provides cost saving opportunities and priorities. Secondary reviews are completed annually by either internal or external resources depending on the scope, complexity, and objectivity required.</p>	<p>1) Provides overall organizational information enabling strategic targeting of services 2) Identifies corporate-level opportunities as well such as opportunities for centralization, etc. 3) Can be done quickly for the first phase, providing some actionable insights for next budget cycle 4) Provides an overall baseline comparison to other cities for efficiency and cost effectiveness</p>	<p>1) More commitment by business units to complete tasks in the next year 2) May require high-level of resources from Finance 3) Will require approximately \$350,000 in consulting in Year 1</p>	<p>Year 1 - \$350,000 in consulting Ongoing ~\$0 to \$350,000² per year in consulting, \$240,000 per year internal cost</p>	6 Years	\$2.1M consulting costs and \$1.2 M internal costs	\$8.4 M	\$0.85M

¹ The Max Estimated Annual Savings is based on realizing 75% of identified savings from Service Reviews being conducted.

² \$350,000 for a Service Review is a very high estimate but is based on the maximum observed Service Review for one service.

Approach Options	Pros	Cons	Cost per year	Years to complete	Max Cost of program	Max Estimated Annual Savings ¹	Max Net Savings per year
<p>Alternative 1:</p> <p>Business units (approximately 12) are reviewed one by one either by external or internal resources. The scope may be expanded to avoid secondary reviews.</p>	<p>1) Less commitment over the year - only one business unit at a time 2) Can be more detailed and not require secondary reviews</p>	<p>1) Will be slower doing one to two business units per year 2) Could miss corporate-level opportunities ~10% of cost savings 3) Very intense for the business unit under review - greater level of detail explored</p>	<p>~\$300,000 per year in consulting costs and \$240,000 in internal costs</p>	<p>6-10 Years</p>	<p>\$ 3.6M in consulting costs and \$2.4 M in internal costs</p>	<p>\$ 13.9M</p>	<p>\$ 0.8M</p>
<p>Alternative 2:</p> <p>Partial Municipal Service Review is done by internal resources. The Administration compiles a list of services requiring reviews and these are approved by Council. Based on the complexity and scope of the Service Review, consultants or internal resources will complete the selected Service Reviews.</p>	<p>1) Lowest annual level of commitment for the organization - only service areas being reviewed are affected 2) Lowest annual consulting cost option, can leverage internal resources as much as possible</p>	<p>1) Will not have a high-level understanding of where overspending or overcommitting exists in the organization 2) Could miss corporate-level opportunities ~10% of savings 3) Will be the slowest option and lowest yearly savings</p>	<p>~\$250,000 per year (if consulting is required) and \$300,000 in internal costs</p>	<p>10 Years</p>	<p>\$ 2.5M in consulting costs and \$3 M in internal costs</p>	<p>\$11.25M (assuming \$250,000 identified in savings per review)</p>	<p>\$ 0.58M</p>