



TOWN OF CARLETON PLACE

Service Delivery Review of Carleton Place Child Care Services

FINAL REPORT

January 5, 2022

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Executive Summary

Service Delivery Review of Carleton Place Child Care Services

Several recommendations are offered and related directly to the scope of the Service Delivery Review and the long-term financial sustainability of the program.

One Human Service Network (OneHSN) was engaged by the Town of Carleton Place through an RFP issued in October 2021 to conduct a service delivery review of Carleton Place Child care Services. The service delivery review provides an opportunity for Council, staff, and other key stakeholders to understand the services provided by Carleton Place Child Care in the surrounding area and as part of the service system, currently and in the future. The recommendations put forward in this report offer options, strategies and considerations aimed toward financial stability and sustainability, over the long-term. As a municipally operated program, the analysis and report findings considered the governance model as a public entity, the impact of the last 21 months of operation over the duration of the pandemic and the potential that may exist should the Province of Ontario sign an agreement with the Federal government for \$10 per day child care that would infuse new funding and increase demand for child care.

OneHSN has provided several recommendations categorized in five key areas:

- Financial
- Governance and Organizational
- Efficiency through better use of resources
- Digitization to streamline administration and improve customer service
- Service delivery improvements

Recommendations can be implemented separately or together and are listed in order of priority based on an assessment of important and ease of implementation informed by all aspects of the service delivery review and findings summarized throughout this report. It is Council's decision to endorse actions based on the recommendation of management according to priorities and the level of change management can handle within existing resources. Fully implementing any recommendation that is prioritized and chosen by management is more important than adopting several but not executing due to inherent resource constraints.

Executive Summary

One Human Service Network (OneHSN) was engaged by the Town of Carleton Place through an RFP issued in September 2021 to conduct a service delivery review of Carleton Place Child Care Services. The review will provide recommendations for the child care services to properly describe and evaluate child care operations including governance, staffing levels, financial resources and current procedures; critique the Department’s operating effectiveness and efficiencies based on credible benchmarks and best practices; provide recommended changes to organizational structure, staffing and qualifications, and to identify service delivery improvements to administrative processes and systems, and policies and procedures. Identify cost savings, and other changes to improve efficiency to ensure the long-term sustainability of the Services and programs.

The approach taken by OneHSN for the review and analysis leveraged internal expertise and knowledge of key individuals to form an internal Project Team that would validate the Consultant’s methodology, provide information and data in addition to important background and inform the selection of stakeholders to engage and peer comparators for the environmental scan. The Project Team was regularly updated on the Project Plan, timeline and milestone as well as setting the date for the final report respecting a hard project deadline and the procedural requirement to present the report to Council.

Background	Environmental Scan	Current State Analysis	Service Delivery Options	Recommendations
Review of background and context for the review, significant events impacting financial, operating, and general state of the business.	Stakeholder engagement, peer comparators in Lanark County. Data requests, operating environment, insights on early identification of challenges and opportunities.	Current state analysis of Carleton Place Child Care Services, financial analysis, operating model, facilities, demand, and service profile.	Identification of most promising opportunities and options for long-term sustainability and service delivery improvements.	Development of recommendations and options for consideration.

Project Overview and Background

One Human Service Network (OneHSN) was engaged by the Town of Carleton Place through an RFP issued in September 2021 to conduct a service delivery review of Carleton Place Child Care Services. The aim of the review to support the long-term financial sustainability of the child care program through an independent analysis and recommendations for management consideration. The review is timely because since the time Carleton Place Child Care Services started providing child care services to the community, the child care sector has continued to transform and change in response to provincial and community priorities, new policy, legislation, and funding. To best service the community, Carleton Place Child Care Services have worked collaboratively with community stakeholders to realign its services including a major capital project to offer an additional 98 licensed spaces.

More recently, the impacts of the COVID-19 pandemic have introduced new operating requirements and challenges that for most, if not all child care service providers, impact their operating capacity and therefore financial sustainability. This has greatly disrupted service system plans requiring constant pivots and refinements around staff management, intake processes and other administration processes as programs look to balance efficiency with customer service, safety, and financial health. At the same time, the potential of an Ontario-Federal agreement on the National Child care Plan will be a disruptor, albeit a welcomed one, that will bring new priorities and public investment for child care providers to address future sustainability.

The project approach and methodology included the following:

1. Background review, information, and data requests to key stakeholders to inform the service delivery review scope and context.
2. Environmental scan with stakeholder engagement to gather more information, data, and insight. Selection of peer comparators in Lanark County to inform organizational, operating and governance to provide early identification of challenges and opportunities for further analysis.
3. Current State Analysis to synthesize the data gathered and insights through staff surveys, job analysis and environmental scan to inform recommendations.
4. Recommendations for implementation for changes to governance, organizational structure, procedures and processes, efficiencies, and options, where applicable. Priority of implementation are discussed and presented for management to consider.

Project Team

To leverage the expertise and knowledge of the employees of the Town of Carleton Place and the child care management, an internal project team was established to work with the consultant on key components of the engagement and to monitor progress against the deliverables, key milestones, and project timeline. The team met every two weeks throughout the project so that the key findings were presented as the project moved through its phases, sometimes concurrently given the tight timeline, and to help guide practical and achievable recommendations with a participatory, inclusive, and transparent process. As the Child Care Manager was the primary point of contact for information requests, data, and details about operations the Consultant and Child Care Manager met weekly to move the project forward.

Project Timeline

The project was started in late October 2021 with most of the project key activities and milestones accelerated so that a final report would be accepted by the Project Team by January 5, 2022, for management to submit a Committee Report to Council at its January 11, 2022, Council Meeting. A condition of the funding made available for this service delivery review provided by the Province required a final report to be submitted to them by January 31, 2022.

Project Scope

1. Project Plan

- Kick-off meeting to establish the Project Team consisting of CAO, Treasurer and Child Care Manager.
- Confirm the workplan, key milestones and timeline with bi-weekly status update meetings.
- Weekly meetings with Child Care Manager to review information, data and gather additional input and insight.

2. Stakeholder Engagement – *Identification of key stakeholders and methods to engage to inform the current context and identify potential opportunities*

- Lanark County Service System Manager – information and data request with interview
- Program Advisor/Licensing – information request; individual declined to be interviewed and directed the consultant to Ministry licensing website and the Child Care and Early Years Act 2014 (CCEYA) regulations

- Advisory Committee – survey sent to the 6 members of the committee; 5 responses with 2 telephone interviews as follow-up to gather additional comments and insight
- Staff Survey – non-mandatory, anonymous on-line survey distributed to 57 staff with 22 responses. The survey consisted of 8 questions with 4 opened ended questions to identify what should change, remain the same and opportunities and priorities for improvement and management focus

3. Peer Comparators – *selection of comparable child care centres in Lanark County for analysis; with the high percentage of regulated spaces operated by municipalities several comparators were available for key data and analysis*

- 3 municipally operated child care programs in Lanark County operated by the Town of Smith Falls, Town of Perth and the Municipality of Mississippi Mills
- 2 Non-Profit Centre-Based – child care centres offering similar aged programs, namely 0 – 4 years of age
- 1 For-Profit Centre-Based program offering similar aged spaces

4. Current State Analysis – *review of financials, past operations, funding and grants, parent revenue to assess the current operations and the program in the context of the service system in Lanark County*

- Needs assessment in the community for licensed spaces and access as it relates to Carleton Place Child Care Services and Lanark County
- Assessment of demand for child care at the centres based on the waitlist, market analysis
- Evaluation of technology used for waitlist management, billing, attendance, program planning, staff scheduling and parent engagement
- Impact of COVID19 on current operating challenges and potential to impact sustainability
- Job Analysis surveys results related to administration and management responsibilities to identify areas of overlap or duplications

5. Service Delivery Improvements – *identification of potential opportunities to improve service delivery into 5 key categories:*

- Governance and Organizational

- Service delivery improvements
- Efficiency through better use of resources
- Technology to streamline administration and improve customer service
- Business operating model with key financial indicators to guide decision-making

6. Finalized Recommendations – based on final analysis and synthesis of information, data, and insight to provide practical recommendations

- Final Report DRAFT for review and feedback by the Project Team
- Final Report in accessible format for acceptance by the Town of Carleton Place Project Sponsor (CAO)
- Report to Council with Executive Summary to RECEIVE Final Report and submit to the Province

Recommendations

Recommendations are categorized and listed in order of priority according to ease of implementation, importance, and urgency. There are a total of 29 recommendations some of which are related to another but can be implemented independent of one another or in phases depending on the resources available and the degree of change management required. Recommendations are as follows:

Financial Management – whole of system cost, cost of administration, access to funding, utilization of funds

1. **Enhance the current 2022 Budget Excel spreadsheet to provide a financial model** with Key Financial Indicators that can be interpreted by child care management for decision-making and reporting. Ensure management can understand and manipulate the model to support key decisions with financial projections as strategies to open classrooms and maintain occupancy are undertaken.
2. **Use the cost model** in its current format to evaluate staffing options for classroom configurations and compliance to ratios to better understand and manage the cost of delivery.
3. **Engage with Lanark County to review the 2022 budget and scale-up plan** to get to full capacity to confirm access to the maximum available Direct Operating Grant to plan, build and monitor a sustainable financial model and avoid year-end adjustments and funding based on historical lower licensed capacity on which funding may be currently based on.

4. **Continue to increase market rates and request maximum increases for subsidized rate** to maximize revenue for all enrollment revenue with annual reviews of market rates to remain competitive.
5. **Review wage subsidy program requirements** and compliance requirements to maximize funding allocations in alignment with eligible staffing positions and salary levels to recruit and retain staff with fair compensation at the lowest possible cost.
6. **Generate more revenue by charging for additional services** such as early drop-off/late pick-up and transportation fees (Carambeck) or other ancillary services provided they can be easily billed as part of any new technology adoption.
7. **Generate more profitable revenue** by adding more school-aged and camp programs at Carambeck and in partnership with schools with the possibility for re-locating/establishing programs to schools where volume can be supported, especially if expansion under a Provincial-Federal agreement takes place.

Governance and Organizational – *job responsibilities, management and oversight, authority, and accountabilities*

8. **Review the role of the Advisory Committee** including its relevance and current Terms of Reference to develop a model that continues to encourage and promote parent involvement balanced with responsibility of Carleton Place Child Care Services management and administration to manage operational and financial aspects of the business and its role reporting to Council.
9. **Transition the Administration FTE** currently responsible for billing and invoicing to a new job description that includes finance experience, analytical capability for reporting and supporting management with key business decisions and adept with technology.
10. **Designate a central role responsible for waitlist management** within the part-time administration position to manage parent communications, applications, offers of vacancy through to enrollment and completion of registration packages to free up Supervisors from duplicative administration work.
11. **Increase the use of Assistant Teachers in classrooms** with maximum group sizes to meet the requirements of the CCEYA proportion of qualified staff to improve profitability and provide more flexibility to recruit new staff while the sector continues to be challenged by staff shortages.
12. **Reconsider introducing the Head Teacher role** by adopting recommendations to reduce administration burden associated with waitlist management, registration and staff scheduling so that Supervisors can spend more time supporting teaching staff.
13. **Create a business case to add a full-time Director**, Child Care position as the program scales up to its full capacity to the management organization that would focus on strategy, finance and business operations allowing the Manager to focus on programs, regulatory, quality, staff development and management.

Efficient Use of Resources – *maximize and leverage existing resources, facilities, assets, staffing and funding*

14. **Engage HR to develop and support a staff recruitment strategy** and process including having HR assist with posting of positions and initial screening to present vetted candidates to save valuable administration time.
15. **Work with HR** and the cost model/finance to review pay scales and contractual agreements especially for newly hired staff and compensation levels for supply staff to help inform and manage this key expense category.
16. **Leverage Assistant Teacher** (unqualified as per CCEYA) with maximum permitted groups in each classroom where classroom configuration and enrollment levels permit.
17. **Focus on enrollment efficiency** as a common metric for enrollment, waitlist management, daily operating, and staff scheduling. Set targets and monitor performance regularly (e.g., daily, weekly, monthly).
18. **Initiate a business case** for the return on investment and feasibility of renovating some or all the 8 space Preschool classrooms to 24 spaces to drive more profit and offer more staffing flexibility.
19. **Focus supervisors work on centre management** to support efficient operation, increase availability to program staff and to support parent relationships for children enrolled in alignment with organizational recommendations and technology adoption.
20. **Engage with peer child care programs and Lanark County Service System Manager** to identify shared approaches to the staffing challenges and potential funding sources for innovation.

Digitization - *technology to streamline administration, automate, provide data, improve decisions and customer service*

21. **Initiate immediately a process to evaluate at least 2 leading software solutions** to compare the capabilities of HiMama (add-on component already reviewed), to transition invoicing and billing to digital to reduce the administration burden, improve accuracy and accommodate fee-paying and subsidy requirements.
22. **Review CampBrain software used for the school-aged programs to include requirements in the evaluation** of new digital solutions that would allow Carleton Place Child Care Services to use one system for both centres from application through to on-line digital enrollment and registration, scheduling, attendance, and invoicing.
23. **Engage with Lanark County Service System Manager on potential of sponsoring a central registration and waitlist tool** used in adjacent communities of Ottawa and Kingston to provide all child care programs a way to market their programs to all parents and enjoy waitlist management tools to streamline administration, improve enrollment efficiency, parent communications, and generate data about access and waitlist. This would improve customer service to all parents in Lanark County while saving the monthly/annual fees with the current product or its replacement.

24. **Coordinate demonstration of staff scheduling and supply staff optimization** across agencies with the only software that provides such capacity, BookJane, a leading child care staffing solution in the child care sector. Evaluate the benefits of digital innovation to streamline staff scheduling, shift fulfillment and even staff sharing with agencies or across supply lists (other municipally operated programs).

Service Delivery Improvements – modernize service delivery, streamline to eliminate duplication/low value work, improve customer service and convenience, improved client relationships, program policy, regulatory

25. **Establish regular parent and staff satisfaction surveys** in accordance with the methods and principles of “Raising the Bar”, the quality assurance program across Lanark County child care.
26. **Engage Lanark County Service System Manager and other interested child care providers on a staff recruitment strategy** leveraging the leadership of the municipality operated programs.
27. **Develop a strategic plan for Carleton Place Child Care Services** through a strategic planning process that aligns the strategic priorities of the Town of Carleton Place and priorities of the program to help guide decision-making, set objectives and monitor progress.
28. **Modernize the Carleton Place Child Care Services website** by moving content from the separate URL to the Town of Carleton Place website with external links for parents to apply to the program and for parents, staff and other to access secure portal.
29. **Continue to scan for digital opportunities and innovation** that streamlines parent and staff engagement and communications, automates repetitive and administratively burdensome tasks and that can deliver data driven insight to become the exemplary program in Lanark County.

Summary

Long-term sustainability can be achieved through a business model that focuses on enrollment efficiency balanced with efficient fee collection, accurate pricing for its services, access to multiple funding streams including private-pay, subsidy, and grants to lower the unit cost of child care delivery. Carleton Place Child Care Services knows how to deliver high quality care as demonstrated by the analysis in this service delivery review so there is little risk of quality being compromised should any recommendations be accepted and implemented. Strengthening its business practices, leveraging digital to transform services delivery and lower costs and understanding the finances as it relates to its operations and decisions will drive success.

Introduction and Background

1.0 Introduction and Background

1.1 Carleton Place Child Care Services in the Landscape of Lanark County

Carleton Place Child Care Services have been providing quality care to children and families in the Town of Carleton Place and surrounding area since 1983. It has a long history of working collaboratively with the community agencies, school boards and Lanark County Children’s Services to modify its program offerings in response to legislative and policy changes as well as community needs. Periods of significant growth have resulted in proactive strategies by the Town of Carleton Place to secure a long-term location for the Francis St. centre for children aged 0 to 4 years of age and to offer school aged care for children from four school locations at a central, Town owned community centre. The programs offered are of high quality and valued by parents demonstrated by its strong reputation in the community, parent satisfaction surveys conducted by the program and the size of its waiting list. In 2019, the Francis St. location was awarded \$2,915,000 expansion funded by the Province through Lanark County’s Consolidated Service System Manager (CMSM) to add an additional 98 spaces scheduled to open in March 2021.

As noted in the Lanark County 2019 Service Plan, “Carleton Place has a relatively youthful population with a high proportion of children (age 0 to 14 years) at 18% and when combined with reference to population growth patterns and the proximity of the Town of Carleton Place to the City of Ottawa, it is expected this community will continue to have an increasing and strong demand for child care”. The new spaces are in an ideal location with the centre’s close proximity to Ottawa, central to other growing communities in Lanark County and in a community enjoying significant growth and with the influx of young families. In 2016, statistics on population growth showed The Town of Carleton Place, the community with the highest population density in Lanark County, experienced an 8.5% growth 2011 to 2016 with forecasted strong consistent growth. With the pandemic accelerating growth in smaller, rural communities this area should see strong, consistent demand for child care with young families in the area.

The Town of Carleton Place has the highest population density in Lanark County with a growth rate of 8.5% (2011 to 2016) with demographics that suggest the demand for high quality child care in Lanark County will continue to be strong over time. With its solid reputation for delivering high quality child care and the additional 98 licensed spaces now available through the capital project, Carleton Place Child Care Services is in a good position to continue to scale up its operations. It is well situated to take advantage of any new investment an agreement between the Province of Ontario and Federal government might offer.

1.1 Licensed Capacity in Lanark County and Access

Although population statistics and demographics are expected to remain strong, it is important to determine how important the spaces offered by Carleton Place Child Care Services are for families to access high quality child care and as part of the system of care in Lanark County. The County has 28 licensed child care centres offering 2178 spaces and 2 home child care agencies with ~20 private homes. For the 8,950 children aged 0 to 12 years of age (2017), 24.3% of children have access to space. Compared to the City of Ottawa with an access percentage of 32.9% (and below their target of 42.5%), Lanark County needs to retain all its licensed capacity and perhaps set further expansion targets to increase access for its families.

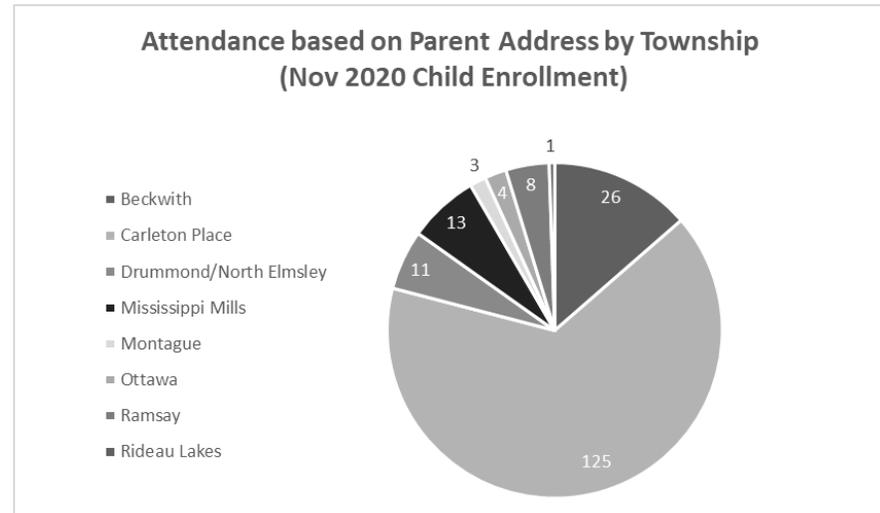
Of the total child care centres in Lanark County, four (4) municipalities directly operate 11 centres (39%) of which the Town of Carleton Place operates 2 centres under Carleton Place Child Care Services. In Lanark County, municipal governments deliver 52.8% of the total regulated spaces and 61.1% of the spaces for children 0 to 4 years of age. By comparison, less than 2% of regulated spaces (2016) in Ontario are operated by municipal and regional governments, a number that continues to decline. This creates a unique situation in Lanark County that results in more public delivered child care than not-for-profit or for-profit community-based centres and influences this service delivery review while also creating a unique situation for Lanark County especially as it relates to the potential of an agreement between the Province of Ontario and the Federal government.

	Licensed Centre Spaces ²					Population ³	Access
	Infant Under 18 mo.	Toddler 18-29 mo.	Preschool 30-47 mo.	Total Infant, Toddler & Preschool	Total Kindergarten & School Aged	Total 0 to 12 year olds	% of children with access to space
Lanark County	36	185	459	680	1402	8950	23.2%
Lanark County (+ new spaces)¹	46	225	479	750	1428	8950	24.3%
Town of Carleton Place	20	105	168	293	619	1655	55.1%
Carleton Place Child Care Services	20	80	128	228	213		
% of total Licensed Centre Spaces in Lanark County provided by Carleton Place Child Care Services	43.4%	35.5%	26.7%	30.4%	14.9%		

Source: Lanark County Licensed Capacity, October 31, 2021, information request. Note 1 - Additional 98 spaces for Carleton Place Child Care Services did not appear on the Lanark County report and therefore added for the analysis. Note 2 - Licensed capacity is the maximum number of spaces approved by the Ministry of Education. The operating capacity (number of spaces at which the provider is able or willing to operate). Note 3 – Population total for children 0 to 12 years of age obtained from Lanark County Early Years and Child Care Service Plan 2017.

As shown in the table above, Carleton Child Care Services is responsible for providing a significant proportion of the licensed spaces for children aged 0 to 4 years of age in Lanark County delivering 43.4% (20 of 46 spaces) and 35.5% (80 of 225 spaces) of the Infant and Toddler centre-based spaces respectively. These spaces tend to be highest cost to operate with market rates for infant care below the cost and toddler care at or near breakeven.

The capacity offered by Carleton Place Child Care is crucial to providing access for families to high quality care across Lanark County and living in the Town of Carleton Place. An analysis of Carleton Place Child Care Services (Francis St.) enrollment from November 2020 provides some insight on the demographics of the families served. Most children enrolled, ~ 65% reside in the Town of Carleton Place with the remaining 35% of children living in adjacent communities (66 children of 191 total enrolled). The current waitlist suggests similar demographics indicating that families find the location of the centres convenient to access from areas outside of the Town of Carleton Place. With more families moving to Lanark County, it is expected demand for these child care spaces will remain strong.



Carleton Place Child Care Services is a major contributor to the availability and access of high quality, regulated centre-based care by providing 30.4% of the total spaces for children 0 to 4 years of age in Lanark County. Recent enrollment and current waitlist data indicates about 65% of families live in the Town of Carleton Place. Its geographical location in Lanark County is central to many of the surrounding communities and near the City of Ottawa making it attractive to families that have relocated to smaller, more rural areas and commuting for work or school along this corridor. Lanark County is unique in the province with 52.8% of regulated child care spaces delivered by municipal government well above the Ontario average of 2%. This may position it well for the delivery of affordable child care already having a foundation for quality, higher overall levels of staff compensation (wages, benefits, and professional development) and public-service leadership for innovation.

1.2 Operating Context

At the onset of the coronavirus (COVID-19) pandemic, all Ontario child care centres were closed (March 2020). Although many resumed operations several weeks later, health and safety guidelines required them to operate at reduced capacity for many months, many of which have not yet returned to pre-pandemic occupancy levels. Through Lanark County, Carleton Place Child Care Services were able to participate in funding and relief grants for child care providers. New policies and funding and considerable resourcefulness of child care provider leaders, educators and authorities have helped the sector persevere through this public health emergency to date. However, these hardships draw our attention to the challenges that surround the financial sustainability of child care to illustrate the underlying challenges of child care business models and the need for public policies and funding that support financial viability of child care. To a degree, it is this fact that is at the heart of this service review. Although the pandemic is an important consideration, the report and recommendations are based on the long-term financial health of Carleton Place Child Care Services and therefore must look ahead to Ontario's economic recovery rather than focus on factors that have affected its operation since March 2020.

Prior to the pandemic, child care providers experienced a high demand for child care and as such focused their goals on quality, supply, and affordability. The Town of Carleton Place continued to offer a robust range of early childhood programs according to its policies and to recognize a healthy balance of private-pay revenue and access funding through the Service System Manager including operating grants, wage subsidies and through fee subsidy supporting eligible families. The ability of Carleton Place Child Care Services to operate financially viable sustainable business models was an essential condition to realize these goals. While Carleton Place Child Care Services policies and business practices have been supportive to operations, the COVID-19 public health emergency has made the importance of a sustainable child care business model even more evident. The need for efficiency, business acumen and financial awareness and discipline have never been more needed across the sector. This is particularly relevant to Carleton Place Child Care Services given the number of spaces it operates, changing demand pattern across its programs and higher operating costs, not all of which are pandemic related. Carleton Place Child Care, like its peers, must decide how to move forward with a sustainable business model.

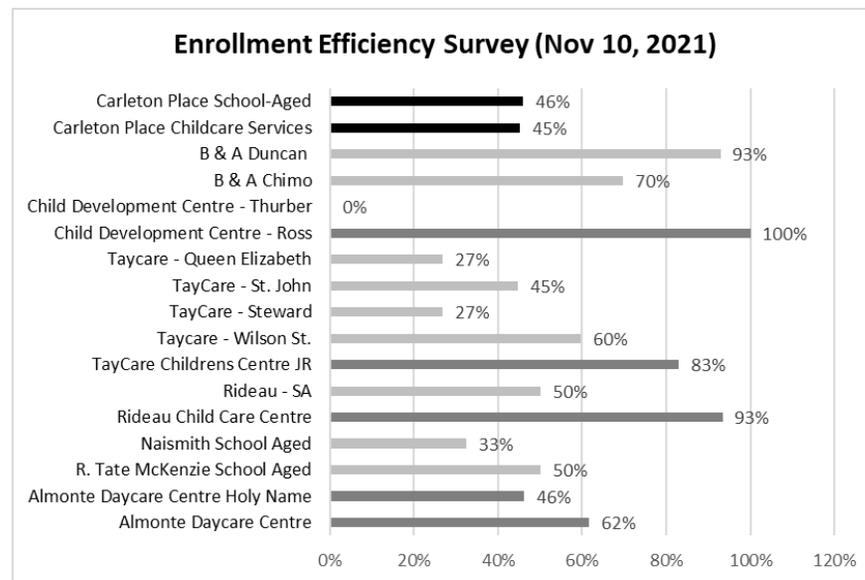
The report and recommendations are based on the long-term financial health of Carleton Place Child Care Services and therefore must look ahead to Ontario's economic recovery rather than focus on factors that have affected its operation since March 2020. Thus, is service review is focused on opportunities and providing recommendations for the long-term.

1.3 Operating Capacity Across Lanark County

Data on the current occupancy level (number of spaces operating compared to licensed capacity) was gathered for several centres in the peer group. A similar request was made of Lanark County for vacancy and/or occupancy in October 2021. As that data only provided licensed capacity, a telephone survey was used to connect with the peer operators representing 15 programs to determine the occupancy levels as of November 11, 2021, and additional context that suggested similar approaches and operating levels.

As of November 11, 2021, nearly all centres were operating below their licensed capacity for several reasons: new operating criteria, lack of qualified staff, lower demand due to continued work from home arrangements, and general health and safety concerns.

On average, the enrollment levels across all programs surveyed was approximately 49% for those centres offering school-aged programs and 61% occupied for centres serving children 0 to 4 years of age. By comparison, Carleton Place Child Care Services had a 45% occupancy in their school-aged programs (Carambeck) placing them on-par with their peers. However, with 46% occupancy at the Francis Street location, they were operating 16% below the peer average. All centres reported they continue to have waitlists, however, have yet to return to full capacity. The same is taking place across all of Ontario with many jurisdictions reporting capacity levels at 60-70% of licensed.



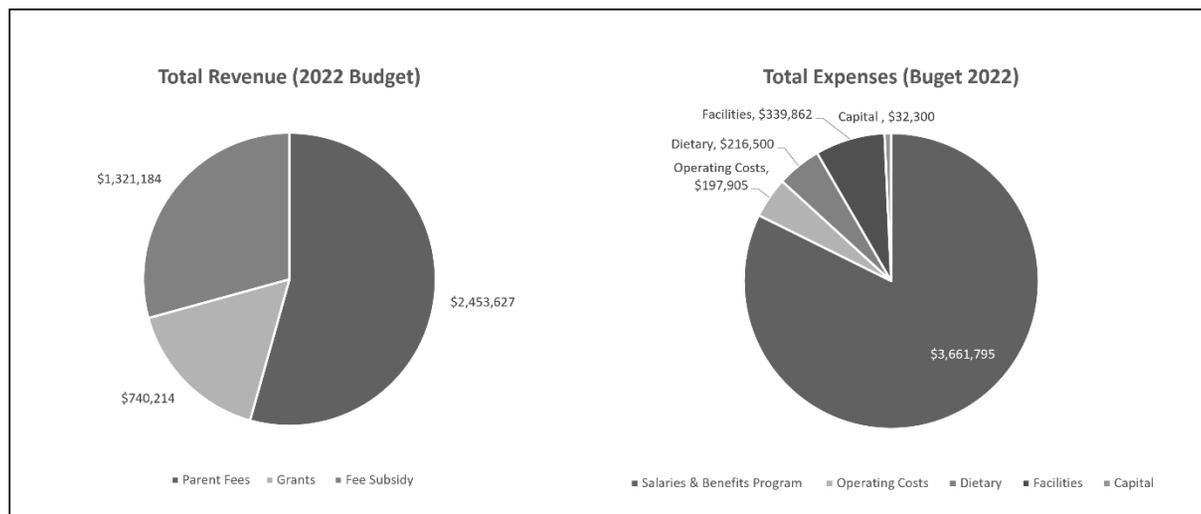
Carleton Place Child Care Services is operating at approximately 46% of their licensed capacity (including the 98 expanded spaces), slightly below average of 55% level of peers surveyed across Lanark County as of November 1, 2021. While they remain on par with their school aged program peers, they are operating 11% below others in the community delivering care for children 0 to 4 years age based on their full licensed capacity. It is important to note that when the new capacity of 98 spaces is removed, Francis St. centre is operating at a 74% efficiency level based on its November 1, 2021 enrollment level. This suggests that Carleton Place Child Care Service should continue to open classrooms leveraging their waitlist and on-boarding of staff to increase their occupancy with close attention to balancing revenue and cost.

Current State Analysis

2.0 Current State Analysis

2.1 Carleton Place Child Care Services Revenue and Expenses (Budget 2022)

This review is focused on long-term financial sustainability and therefore looks forward to 2022 and beyond. Financials were analyzed for 2019, 2020 and 2021 YTD however each year was markedly different with the last two operating years substantively impacted by the pandemic due to lower enrollment. In 2019, the centres operated closer to their enrollment capacity; however, the operating environment was different and the additional 98 spaces did not exist. Financials are based on the 2022 Budget.



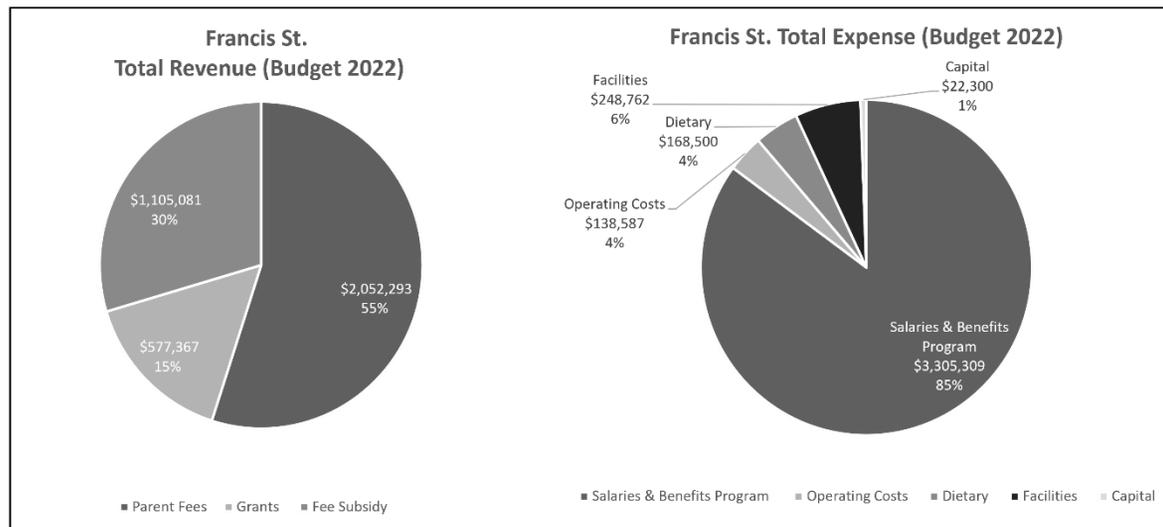
Salaries and Benefits represent the highest expense at approximately 82% of the operating budget. This level compares to other municipally operated programs across Ontario (~80%) owing to the higher rates of pay and inclusion of benefits. The Direct Operating Grant, based on number of spaces, has not changed since 2019. This will need to be addressed as new capacity comes on-line.

Total revenue assumes 35% of the Parent Revenue is attributed to Fee Subsidy (historical average 2019 – 2021). Since market rates charged to full-fee families are equivalent to subsidized rates there is no difference in total revenue. However, the source of revenue is important to long-term financial planning and stability including providing equitable access to all families.

2.2 Operating Budget by Centre

2.2.1 Francis Street Location

Francis Street location serve primarily children 0 to 4 years at a total 2022 budgeted operating expense of \$3,883,458 with enrollment revenue of \$3,157,374. The Direct Operating Grant is estimated at \$577,367 which has remained at the same level since 2019. As new expanded capacity comes on-line, Carleton Place Child Care Services must work with Lanark County to ensure they are getting the maximum operating grant in accordance to licensed and operating capacity.



Salaries and benefits at the Francis Street (0 to 4 years of age) represent 85% of the operating budget. Serving younger aged children requires higher staff-to-child ratios required by the CCEYA. However, the cost of salaries and benefits at Francis St. is substantially higher than the overall combined average of 82%.

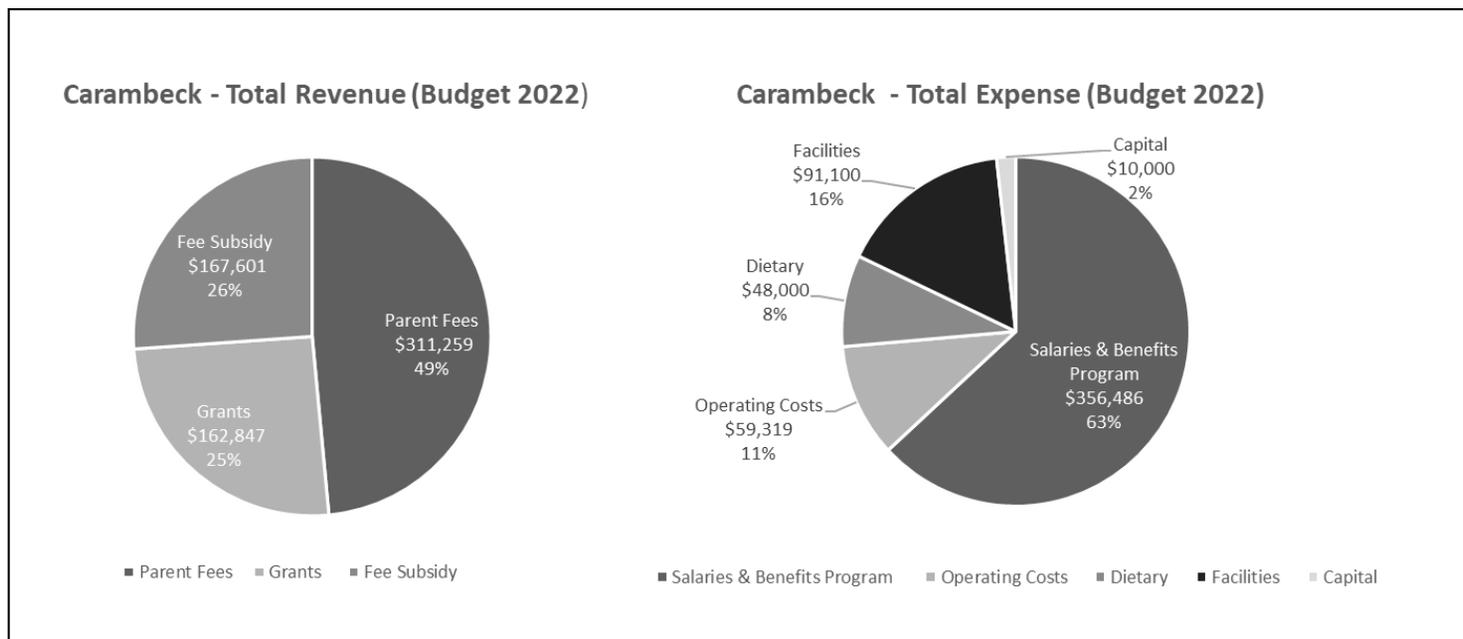
A 2020 study completed by KPMG reported municipal operated programs having on average expenditure on salary and benefits at 80% of total operating costs

mostly owing to higher hourly rates of RECEs and Supervisors as compared to community delivered programs (not-for-profit and for-profit operators). With four (4) municipalities directly operating child care programs in Lanark County, the gap between rates continues to exist with community-based child care pay scales but to a lesser degree with a few exceptions discussed later.

Staff wages and benefits represent a significant operating cost at 85% of total expenditure that is above the average for municipally operated programs. Attention to enrollment efficiency and managing increased salary cost with the addition of Head Teacher positions should be carefully considered against the benefits of streamlining administration and supervisory responsibilities.

2.2.2 Carambeck Location

Carambeck serves school-aged children at a total 2022 budgeted operating expense of \$564,905 with enrollment revenue at \$478,860. The Direct Operating Grant is estimated at \$162,847. It operates in a shared space and accommodates children from multiple schools.



As it takes in children from multiple school locations and offers other amenities to families, it can generate additional revenue through transportation fees, early drop-off/late pick-up or other services provided they can be invoiced easily.

Salaries and benefits represent the highest operating cost at

63% but are substantially lower than Francis Street. To a large degree, this is a direct result of the staff-to-child ratios as per the CCEYA for school-aged children as compared to the higher ratios required for the 0 to 4 years of age children. However, there are also less administration, dietary and facility staff costs.

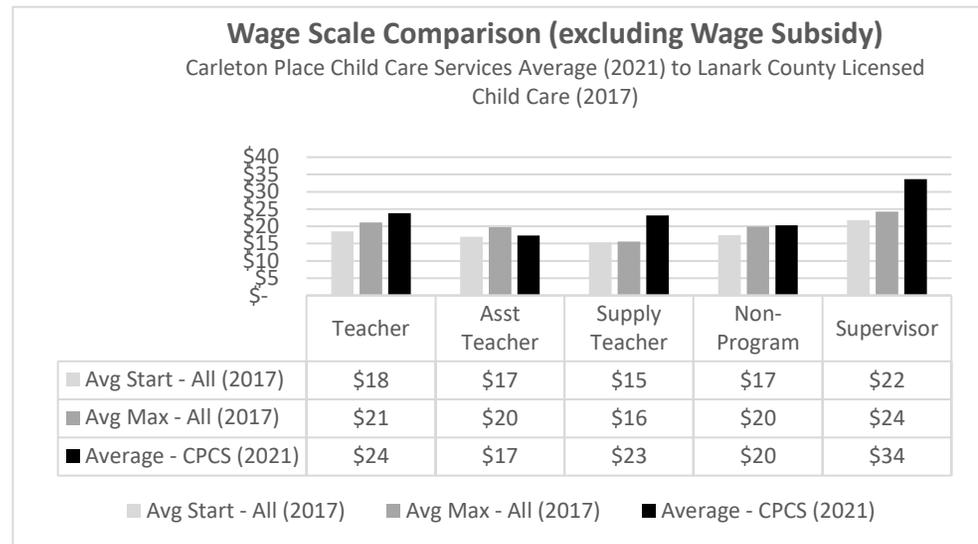
Operating costs are substantially lower at Carambeck owing to lower cost of salaries and benefits because of the older age groups and the staff-to-child ratios. It generates a lower overall revenue but is more profitable, with other costs of operating lower as well. Carambeck does not use Head Teachers (as per the 2022 Budget) relying on Supervisors for program support and management.

2.3 Competitive Factors

2.3.1 Staff Wages

In 2017, Lanark County’s Child Care and Early Years Service System Plan provided a summary of the pay scales for licensed child care for 12 providers across Lanark County that included 2 for-profits and 10 not-for-profits. It is not known how many of the non-profits were municipally operated. Positions included non-program (cooks, cleaners, administration, and bookkeepers), Supply Teachers, Assistant Teacher, Teachers (RECE’s, ECEs and Home Visitors), Supervisors (Head Teacher, Supervisor and Assistant Director) and Directors.

The data was presented for each of the positions according to the Average starting hourly pay and the average maximum hourly pay in 2017 when the data was last reported. For this analysis, the current (2021) average hourly pay for Carleton Place Child care Services same positions are compared to identify wage gaps between this program and the system averages. Accounting for pay increases likely to have occurred in the sector since 2017, Carleton Place Child Care Services staff wages are on the high end of the pay scale most notably for Supervisors (\$34 per hour) and Supply Teachers (\$23 per hour) both rates being much higher than the maximum average, perhaps a result of the supply list primarily being RECEs. The high number of programs in Lanark County operated by municipalities appears to demonstrate an overall higher staff compensation level compared to Ontario sector averages.



With staff salaries (including benefits) at the high end of the pay range and averaging 82% of total operating cost, above the sector average, it will be important for Carleton Place Child Care Services to diligently manage staff costs, maximize available grants and use their cost model to inform their organizational structure and pay scales associated with different staffing models.

2.3.2 Rates

Parent fees, fee paying and subsidy, generated the revenue. Child Care programs are allowed to set their own rates and often do so by comparing to their peers to set a market rate. A market rate is the rate that parents are willing to pay. Affordability is driven by parent fees and for younger aged children (Infants especially) the fees are not enough to cover operating cost of those spaces. Carleton Place Child Care Services generally applies an annual increase to the fees keeping in alignment with market rates and policies. Data provided by Lanark County on the highest subsidized rates by age category show rates have increased about 2% in 2021 over 2020.

Age Group	2020 Highest Subsidized Rate	2021 Highest Subsidized Rate (example)	Carleton Place Child Care Services (2021)	Difference to Highest Subsidized Rate
Infants	\$79.51	\$81.02	\$80.80	-\$0.22
Toddler	\$53.53	\$54.55	\$54.50	-\$0.05
Preschool	\$51.42	\$52.40	\$52.30	-\$0.10
Kindergarten	\$49.83	\$50.78	\$45.30	-\$5.48
Kindergarten – B & A	\$28.63	\$29.17	\$29.20	+0.03
Kindergarten – B or A	\$18.90	\$19.25	\$14.60	-\$4.65
School Age	\$49.83	\$50.78	\$45.30	-\$5.48
School Age – B & A	\$27.00	\$27.44	\$27.80	+0.36
School Age – B or A	\$16.80	\$17.15	\$13.90	-\$3.25
Nursery	\$25.93	\$26.47	\$21.60	-\$4.87

Carleton Place Child Care Services current rates are competitive and at the high end of the subsidized rate indicating they are maximizing their revenue. Lanark County has a policy for negotiating the subsidy rate whereby the annual rate increase must not exceed 5% until the cap is reached. Once the cap is reached, the annual increase is not to exceed the previous year’s Consumer Price Index (CPI) for Ontario. Rate setting policies are important as well as regular market scans to ensure competitiveness.

Carleton Place Child Care Services is maximizing enrollment revenue with rates that are near the cap set by Lanark County for subsidy families and setting fees consistent with market rates for full-fee paying parents to remain competitive. Taking full advantage of the Direct Operating Grant will also keep rates competitive and affordable. Generating revenue through additional services such as early drop-off/late pick-up and transportation fees (Carambeck) can also keep daily rates competitive. Close attention to rates and cost structures will be key to participating in any new funding that may come from an agreement between Ontario and the Federal government on \$10 per day child care and Carleton Place Child Care Services should be ready to access all programs that will help lower daily rates for families.

Stakeholder Engagement

3.0 Staff Engagement

In addition to several data and information requests to the Town of Carleton Place, Carleton Place Child Care Services and Lanark County Children’s Services, staff were included as key stakeholders through two methods of engagement to build on the knowledge and experience that exists across the system and organization:

1. A job analysis questionnaire completed by management, supervisory and administration staff to inventory core job activities, identify potential areas/task of duplication, skills required, and technologies used to inform opportunities.
2. A non-mandatory, anonymous staff survey to all staff at both centres to engage staff on their current level of job satisfaction with opened ended questions to solicit input on the service delivery review and its objectives.
3. A survey to the Advisory Committee on the role and responsibilities of its members and input on opportunities to help inform potential recommendations, what is working well and how governance can be improved.

3.1 Job Analysis

The job analysis questionnaire was distributed to management, supervisory and administration staff to identify areas of duplication, inefficiency and as a general inventory of “who does what” as it relates to key activities. Respondents were requested to provide an estimate of the percentage (%) of time each of their key task, why they do the task and the approximate time it consumes. The questionnaire also gathered details related to specific skills required, qualifications, specific knowledge and experience with systems, technology, and processes required to do their job. Six (6) questionnaires were sent and completed (100%). Since the number of staff included in the questionnaire is small and potentially identifiable, the results are summarized across all positions as a range:

Area of Focus/Key Activity	All Positions*	Opportunities
Staff Scheduling, timesheet verification, supply staff, vacation	22% – 25%	Manual processes, more efficiency through technology
Help and support to staff daily, staff training, on-boarding of new staff	25% – 30%	Challenging due to lack of qualified staff, near constant recruiting and on-boarding
Oversight for day-to-day operations, program materials, policy and regulatory compliance including child safety, learning and staff contractual obligation	20% – 30%	Continued daily high demand, a priority for Supervisors but need time to do well and at scale

Enrollment, waitlist management, parent communication/inquiry, tours through to registration documentation for family/child as per compliance	13% – 20%	Streamline with updated technology, best practices, multiple positions involved/duplicative
Verification of attendance for invoicing and billing, subsidy payments and reconciliation, resolution of billing discrepancies	10% – 50%	Streamline with updated technology, allow for additional fees to generate new revenue
Maintain social media, other administration as required	5%	Consolidate activities, website update

*Note: Data was combined to not identify single positions due to the small number of staff included in the job analysis. Where time across all positions is high sets out priorities for further analysis (e.g., technology updates, additional resources, job description updates).

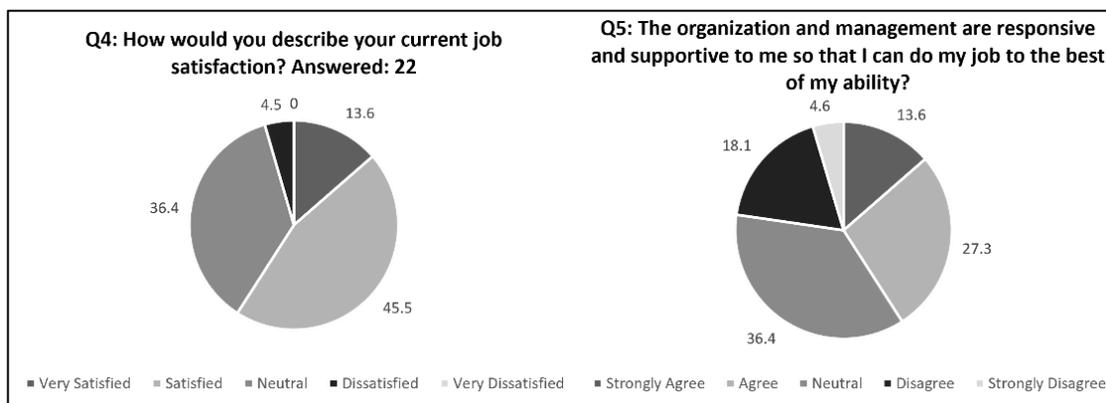
Many positions are involved in administratively inefficient processes that duplicate duties related to waitlist management, invoicing and billing, staff scheduling and verification, recruitment and retention of program staff including on-boarding. Supervisory positions spend more time with staffing related activities and program oversight whereas management and administration are involved in general financial matters, including billing, invoicing and subsidy, waitlist management and management. Technology can greatly alleviate some the administration burden that is shared across all roles and is discussed later in the analysis and with the percentage range of time allocated to certain tasks reported through the job analysis questionnaire, can help guide priorities for adopting new technology based on where the biggest efficiency gain can be achieved.

3.2 Staff Survey

The staff survey was sent to 59 Carleton Services Child Care staff at both locations excluding only those staff currently not working (e.g., maternity leave). This survey was non-mandatory and anonymous. The survey consisted of 8 questions with several opened ended to solicit from staff what they would like to change as a result of this service delivery review, not have change as well as what should be management’s priority and focus with the option of providing additional comments. Staff were also asked to rate their overall job satisfaction, although the purpose of the survey was not to replace other employee satisfaction surveys conducted by the program or the Town of Carleton Place where there were not recent metrics available.

The response rate to the survey was 38% (22 of 59 staff that received the survey). Of those that responded, 90% (20) were from Francis Street with only 2 respondents from Carambeck. Teachers (RECE) made up 77% (17) of all respondents with Supervisors (3) representing the next largest category at 13.5%. Administration and non-qualified staff (Supply) made up the remainder. The majority of respondents (86%) indicated they worked full-time Monday to Friday.

Fifty-nine percent (59%) of staff that responded rated their job satisfaction as Very Satisfied (13.6%) or Satisfied (45.4%). Few reported being Dissatisfied (4.5%) with remaining 36.5% rating their job satisfaction as Neutral. Similar statistics were reported on how supportive staff felt about their job duties with ~41% providing a rating of Strongly Agree/Agree and just over 36% rating Neutral. However, 23% reported they Disagree/Strongly Disagreed. The level of neutral ratings when combined with the negative ratings suggest there are considerable positives on which to take a strength-based approach to shift the neutral ratings higher and address the staff that are not feeling supported. In this regard, comments provided related to the rating chosen indicated that the operating environment in response to the pandemic and a desire for more communication to be the primary factor.



Respondents provided valuable feedback in response to the open-ended questions along the following key themes:

Respondents provided valuable feedback in response to the open-ended questions along the following key themes:

1. More communication from management and strong desire for more engagement on operational procedures and issues
2. Stress of the pandemic is felt widely by staff and is affecting morale
3. More supervisory support to program staff for parent communication related to children when issues arise (e.g. pandemic procedures and why they are necessary, expectations, etc.)
4. Consistency in management processes (e.g., handling of vacation, staff planning, hiring, etc.)
5. Supervisors are over-burdened with many administration tasks that make them less available to program staff
6. Need for a better hiring process since staff are already spread thin and this takes considerable time to recruit and onboard
7. Better waitlist management tools, larger supply list/shared supply pool with more efficient staff scheduling and management

Job satisfaction remains high with program staff with some notable recommendations related to communication and the stress of working throughout the pandemic and its impact on the operations, parent communication and the need to streamline some business practices. The job analysis questionnaire identified similar areas where administration burden is high, and duplication exists across management and administration roles that may be reduced with adopting new technology and more innovation. Regular staff surveys to keep a pulse on job satisfaction should be re-instated to monitor staff engagement and get feedback.

3.2 ADVISORY COMMITTEE/GOVERNANCE

As a key stakeholder to this service delivery review, a survey was sent to the members of the Advisory Committee. Questions were asked to determine the tenure of the member on the committee, frequency of meetings and their type of representative. Additional questions were structured to align with the Committee's Terms of Reference and to reflect the Advisory Committees governance responsibility to oversee municipal child care operations including its facilities.

According to the Town of Carleton Place policy, the Advisory Committee is considered an "Internal Committee" with members appointed by Council. Membership is to consist of a group of 6 to 8 parents including one (1) Council representative. The Advisory Committee is to meet monthly or at a frequency determined by the Committee. The Child Care Director serves as Secretary with Meeting Minutes to be forwarded to the Committee of the Whole. Responsibilities include:

- Provide quality child care programs to all children with access preference given to residents of the Town;
- Expand programs as appropriate only if it's feasible to fund the new program through user fees;
- Continue to have users (and provincial grants) fund operations;
- Pursue provincial support for parents in need;
- Arrange to fund local share of support if absolutely necessary; and
- Support keeping the facilities well maintained, adopting a 5-year capital plan, which is updated annually.

Management indicated that over the past several months, the Committee has not met as frequently and has attempted to hold virtual meetings. The survey was sent to 6 members and completed by 5 for a response rate of 83%. Two respondents reached out with additional information, comments and insight which were shared through a telephone interview with the Consultant. Although current roles and responsibilities are aligned toward financial oversight, the survey results confirmed that the Advisory Committee does not receive substantial updates or participate in significant topics and decisions related to finances. There is considerable support for Carleton Place Child Care Services from all Committee Members and acknowledgment that the Committee's Terms of Reference should be updated to better reflect the needs of the Town of Carleton Place and the child care program especially as it relates to responsibilities of the Committee related to financials and their level of influence and awareness of details that over time have become more complex and supported by Finance. However, even simplified higher level financial indicators can be communicated.

With four municipalities in Lanark County operating child care programs there are good comparators available for comparison of their governance models and Terms of Reference, how they operate and updates they have done more recently. For example, the Municipality of Mississippi Mills have transitioned to a Parent Advisory thereby providing the child care program another method to engage parents, address issues while keeping responsibility for financial and operating decisions within the corporation. The Town of Smiths Falls By-Law details membership and Council representation like the Town of Carleton Place and refers to their Advisory Board as “a body that advises Town Council as to the operation of the Child Development Centre and as to the making of rules and regulations”.

The survey and in-depth discussion with a couple of members of the Advisory Committee suggest that it is not being used to its full capacity. Some members reported they have no substantial knowledge of the finances whereas other members feel comfortable and would like to have more involvement. Similarly, nearly all members reported they had little involvement in helping to set the strategies and objectives for the program making it difficult to fulfil their responsibilities as it relates to the Terms of Reference. A review of Meeting Minutes over the past several months did reveal that the pandemic and operating challenges and issues dominated the agenda, as expected considering how child care has been impacted over the past 21 months. Management reported that it continues to be difficult to recruit current parents for the membership especially those with the skills and time available to take on this level of responsibility. This fact is echoed by many child care programs across Ontario with parent boards. However, the scale of Carleton Place Child Care Services now being operated and with more administrative, management and finance responsibilities embedded in the organization, it is timely to review the role of the Advisory Committee, its membership, role, responsibilities and reporting to Council. Transparency and listening to stakeholders are fundamentals to good governance as is engagement and commitment.

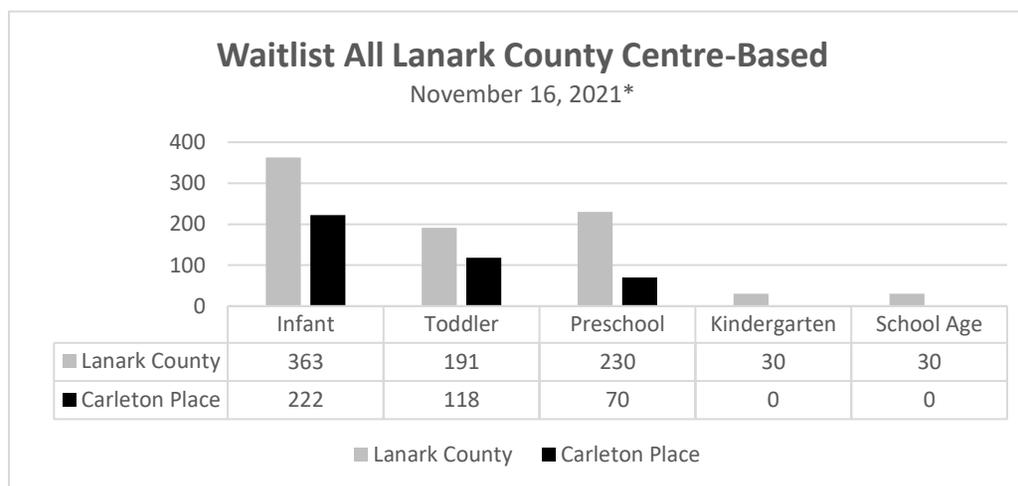
Given the scale of the program now being operated by Carleton Place Child Care Services and the responsibilities of management and administration for financial and operational performance, it is very timely to review the role of the Advisory Committee and its Terms of Reference. This would best be started by leveraging the existing Advisory Committee with members that are engaged and committed to the future success of the child care centres. Working together with management to review its Terms of Reference, the needs of the program management and Town of Carleton administration and responsibility and authority of Council to recommend a model that will provide the transparency and engagement that is best.

4.0 The Waitlist

Lanark County does not use a central registration and waitlist system so there is not an easy way to gather waitlist statistics across all child care providers. An information request to Lanark County Children’s Services provided a snapshot on which to compare Carleton Place Child Care waitlist.

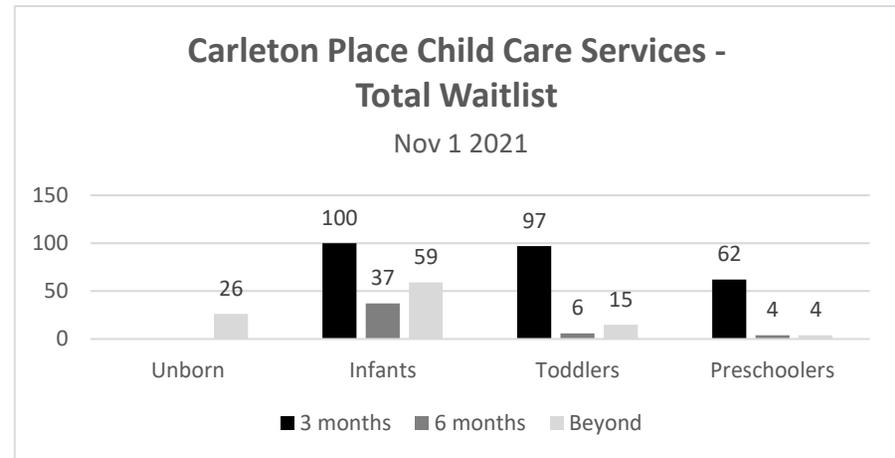
In the absence of data available through a centralized registration and waitlist system use in other communities such as The City of Ottawa and Kingston, it is not possible to provide unduplicated counts nor more context to the waitlist statistics, such as children that already have placement but may still be waiting for a space, the Preferred Start Date or additional details that help to better understand the demand profile. These central registries also help parents find, research, and apply to regulated, quality child care in their community. Importantly, they allow parents to keep their information and details updated in real-time.

As of November 16, 2021, Lanark County’s survey of centre-based providers indicated there are 1400 children on waitlists. There is no way to determine duplication or same children on multiple waitlists, so it is not possible to do further analysis of Carleton Place Child Care Services to compare its waitlist to other child care centres other than to confirm that the profile for demand by age group is similar. Demand for 0-4 years of age space remains high with kindergarten and school-age having minimal waitlists.



The waitlist profile in Lanark County exhibits a similar profile with waitlists across Ontario where a central registration system (Source: OneHSN data on 22 municipalities that use OneHSN Child care Connect™) with high demand for children 0 to 4 years, especially for infant care and less waitlists as children get older. However, it is important to note that many parents may have applications with Preferred Start Date well into the future suggesting they may not technically be waiting.

As of November 1, 2021, Carleton Place Child care Services had 410 children on their waitlist demonstrating good demand for its programs. A closer examination of key data in the waitlist confirms highest demand for Infant care and with Preferred Start Dates that typically range over 6 to 9 months or beyond when parents first apply. Lead times diminish as children get older. The strong demand that does exist for families needing care within the next 3 months does indicate that Carleton Place Child Care Services should be able to fill its capacity from its waitlist.



Maintaining full enrollment increases revenue and for large programs, gets them to profit faster. Achieving 100% enrollment efficiency, a measure expressed as the percentage of a provider’s capacity that is currently filled, is unattainable for even a high demand program with an extensive waitlist. Focusing on an enrollment efficiency of 95% target level will ensure long term financial sustainability or budgeting for a 2% vacancy even when programs are full is a best practice provided classrooms are designed for efficiency (staff-to-child ratio). Therefore, waitlist management is a key to financial success since it ensures that the program is operating at its highest enrollment possible. When combined with efficient operating this is a formula for success.

The recovery path that Carleton Child care Services is following has focused on preschool first followed by toddlers. As preschoolers move up when the new school year begins in September, getting toddlers off the waitlist and into classrooms so they can age up into the Preschool Spaces should be a priority. As much as opening classrooms, keeping spaces in classrooms filled is a key priority.

Effective waitlist management is a key to achieving a 95% or more target enrollment efficiency (% of capacity that is currently filled) needed for long-term financial sustainability. Larger programs get to profitability faster through enrollment efficiency. Upgrading technology will improve waitlist details, keep data as real-time as possible and unburden administration so that vacancies can be filled faster, enable better customer service and maximize enrollment revenue. Centralizing waitlist management into one staff position that can focus on parent communication, vacancy management, offers to families through coordinating registration (preferably through electronic methods) will improve customer service and save staff time.

4.2 Enrollment Efficiency

Presently, Carleton Place Child Care Services is attempting to fill capacity by starting with Pre-school children, their largest capacity and where the revenue-to-operating cost per space is more profitable when compared to infant and toddler. Their strategy is to only open classrooms according to enrollment efficiency at 95% or higher. This means a Pre-school classroom is only opened and staff assigned when the classroom has at least 8 children enrolled full-time or more children to equal a 95% operating capacity. Toddler rooms have also been opened, starting with the larger rooms where 15 children can be enrolled using a similar strategy. Whereas the design of the centre offers a degree of flexibility with this model, it is also a barrier owing to the underlying cost model associated with multiple rooms at the minimum group size permitted by CCEYA.

Age Category	Staff-to-Child Ratio	Maximum Group Size	Proportion Qualified Staff Required
Infant	3:10	10	1/3
Toddler	1:5	15	1/3
Preschool	1:8	24	2/3
Kindergarten	1:13	26	1/2

**Child Care and Early Years Act (CCEYA), Ontario Regulation 137/15*

As previously noted, the Francis St. location has an expansion of 98 spaces that were to come on-line in March 2021 following completion of the capital expansion project but have yet to be opened. There are 22 classrooms: 14 Preschool; 6 Toddler classrooms; and 2 Infant Rooms. New classrooms added under the expansion are designed for efficient enrollment meaning that the area of each room accommodates the maximum group size permitted by CCEYA and therefore offers staffing flexibility with the staff-to-child ratio and number of qualified staff.

However, the existing centre classrooms are not optimal for enrollment efficiency because they do not permit the maximum number of children allowed by the regulations increasing the staffing cost per child and restricting flexibility with the qualified staff-to-total staff ratio allowed. Two Toddler rooms (103 and 104) are licensed for 14 children, one less space than the maximum of 15 and additional classroom (106) is licensed for 12 children. This means to operate at the capacity of 14 or 12, the staff-to-child ratio requires 3 teaching staff (2 of which must be qualified). Based on the current Toddler rate of \$54.40 per day, theoretically this represents an annual revenue loss of \$13,654.40 per space. To optimize efficiency and maintain staff-to-child ratios, the 2022 Budget sets the operating capacity at 10 spaces to help manage the staffing cost. However, reduced operating results in lost revenue. Preschool rooms in the existing building footprint are purpose built to the staff-to-child ratio of 1:8. The new preschool classrooms built through the capital program are optimal being designed for a capacity of 24 children. This allows the program to use different staffing combinations to lower the cost of delivery.

4.2.1 Cost Modelling

Two scenarios are presented to highlight the importance of group sizes and enrollment efficiency. The purpose of the cost modeling is to demonstrate the revenue-to-cost potential when group sizes are maximized and how more profit is possible due to increased revenue and more flexible staffing options. The 2022 budget model developed by Finance was used to calculate the revenue impact of the two scenarios detailed as follows:

1. **Toddler Rooms 103 and 104 – increase from current 14 children to maximum group size permitted of 15 children.** This would require Carleton Place Child Care Services re-engage with their Ministry of Education Program Advisor to determine what is needed to meet the designed capacity (note: architectural and construction drawings show adequate square footage for maximum permitted group size).
2. **Preschool Rooms – combining 3 rooms of 8 children to one room with maximum group size permitted of 24 children.** These classrooms are in the existing building design and would require renovation to reconfigure the layout.

Scenario 1: Toddler Rooms 103 and 104 – increase to maximum group size permitted of 15 children with 3 staff.

Toddler: Increasing Group Size to Maximum (15) Compared to Operating at Lower Capacity						
Option	Rooms	Ages	Staff Required	Total Spaces	Annual Revenue	Profit
A	103 and 104	Toddler	2	20	\$277,154	\$ 31,425
B	103 and 104	Toddler	3	30	\$415,731	\$163,468
Additional Revenue and Profit					\$138,577	\$132,043

This scenario where two toddler classrooms are increased to their maximum capacity (15) rather than reduced from their 14 spaces to 10, needed to optimize staffing ratio (2 staff: 10 children) shows that it is possible to generate an additional \$132,043 profit. As well, classrooms with 15 spaces will also allow for a staff-to-child ratio of 3:15 where CCEYA requires 1/3 staff to be qualified (RECE) thereby allowing more flexibility with staffing and perhaps even greater profitability. This would require Carleton Place Child Care Services re-engage with their Ministry of Education Program Advisor to determine what is needed to meet the designed capacity (note: architectural and construction drawings show adequate square footage for maximum permitted group size).

Scenario 2: Preschool Rooms – combining 3 rooms of 8 children to one room with maximum group size permitted of 24 children. These classrooms are in the existing building design and would require construction to remove walls.

Preschool: Operating Classroom at Maximum Group Size (24) Compared to Operating 3 Separate Classrooms Equivalent Spaces						
Option	Rooms	Ages	Staff Required*	Total Spaces	Annual Revenue	Profit
A	111/112	Preschool	3	24	\$333,521	\$91,821
B	108/109/110	Preschool	3	8+8+8	\$333,522	\$77,650
Additional Profit						\$14,171

**Note: CCEYA Regulation require a staff-to-child ratio of 1:3; however, it also permits a proportion of qualified at 2/3 whereas a configuration of 1:8 will always require a qualified staff limiting flexibility across staffing positions and increases operating cost.*

Using the 2022 Budget to compare a classroom operating at the maximum group size of 24 Preschool (Room 111/112) with staff-to-child ratio of 3:24 (of which 2 staff must be qualified) to operating three (3) separate Preschool classrooms at 8 children with a staffing-to-child ratio of 1:8 (staff must be qualified) offers the opportunity to generate an additional \$14,171 in revenue for the same number of children. Across 12 classrooms of 8 spaces each to 4 classrooms of 24 would generate an additional \$56,684 annual revenue if demand is such that classrooms can be filled and allow for more flexible staffing, helping with the sector shortage of qualified staff. A detailed business case to determine the feasibility of doing any renovations and the return-on-investment for the optimal configuration is recommended.

Classroom design is critical to enabling efficient group sizes for a sustainable operating plan. Larger programs not only generate more revenue to get to profit faster with high occupancy and enrollment efficiency. Maximum group sizes, when possible, allow for more flexible staff combinations increasingly important with the shortage of qualified staff and to manage costs. Enhancing the 2022 budget as a cost model will help management develop different scenarios for classroom capacity, staffing and enrollment efficiency as children are transitioned from the waitlist to classrooms. The enhanced model will also help to engage HR and guide management on compensation and pay scales especially as new staff are on-boarded.

4.3 Technology and Innovation

The job analysis questionnaire and staff survey served to further reinforce the information and details provided by the Project Team related to modernization of technology to help streamline burdensome administration. Several different requests for data in the environmental scan and current state analysis phases of the review also highlighted gaps, the cumbersome work to gather specific data and general frustration with some existing tools.

Priorities identified are summarized as follows:

1. Invoicing and Billing including subsidy takes up considerable staff time, is routine and manual. The one administrative position primarily responsible for these tasks is due to retire in 2022 increasing the urgency and importance of knowledge transfer and the potential to introduce technology to streamline many of the existing processes. However, there are further benefits to streamlining invoicing and billing to generate new revenue for fees such as transportation fees (Carambeck) and early drop-off/late pick-up provided these costs can be easily invoiced with automation driven by attendance and parent account details that are more easily managed in an electronic child care management solution.
2. The waitlist technology needs to offer more flexibility and accuracy to reduce the administration burden for all staff involved in the key activities associated with waitlist management through to enrollment. Digital self-service options that allow parents to electronically apply, keep their child's details up to date in real-time and enable better communications to families while they are waitlisted and offered spaces can reduce the workload and improve enrollment efficiency.
3. Staff scheduling and shift fulfilment is a repetitive task done by Supervisors that is manually managed almost completely using excel, call lists should staff need to book off, completion of time sheets through to verification before being submitted to HR for payroll purposes.

The job analysis questionnaire identified areas of overlap, duplication and inefficiency that result from manual processes, multiple technology solutions that do not integrate and tasks that are distributed across management and administration roles. Modernization of business processes by leveraging technology can reduce administration by 20-30% in one or all positions while also allowing for better customer service.

A high-level evaluation on the current technology used by Carleton Place Child Care Services is inventoried and summarized as follows:

Technology	Where and How Used	Benefits, Risks and Challenges
HiMama	Classroom attendance and parent engagement at Francis St. centre only.	<ul style="list-style-type: none"> • Staff are familiar with HiMama and find the parent engagement app easy to use • Add-on the billing and invoicing component to allow for streamlined billing (discounted \$/per month/per classroom as an add-on) makes it an affordable option; they also cover any NSF fees when collecting fees electronically through their system • Many features available for parent account set-up and fee schedules • Option to increase revenue through early/late drop-off, transportation fees with configuration is built-in to the parent account details • Does not have ability to handle subsidy thereby requiring manual processes and/or export capabilities to work with Provincial system • Comparing features with other Child Care Manager solutions especially on the ability to streamline subsidy, costs and other features would enable Carleton Place Child Care Services to add-on or adopt a new solution that might meet broader needs/requirements
ACCEO Child care Services	Waitlist Management, Invoicing and Billing including Subsidy for both locations	<ul style="list-style-type: none"> • Parent data can be only updated by staff after the parent has applied; this is ineffective and administratively burdensome; no communication features to help with client relationship management • Requires effort and know-how to manipulate data for waitlist management to identify waitlist order, priority for offers • Historical changes requested to make solution more flexible/relevant have not been incorporated • Migrating to an alternate solution for invoicing and billing would leave only the waitlist component and may be ideal time to move to a new solution

		<ul style="list-style-type: none"> Consider a replacement for a waitlist tool in collaboration with Lanark County with a central registry (22 municipalities including City of Ottawa use Child care Connect™) to lower the cost of a new solution and provide added benefits that keep all waitlist data and individual provider lists accurate when placements are offered and accepted
CampBrain	School-aged programming, registration, attendance at Carambeck centre	<ul style="list-style-type: none"> Review did not have time to fully evaluate CampBrain Billing and invoicing solution consideration should also consider needs of the school-aged program for one solution if possible Compare other potential solutions to determine if alternate technology products can provide on-line registration, attendance and billing required by Carambeck and Francis St. or integrate
Staff Scheduling and Timesheet Verification	Excel spreadsheets, timesheets submitted to payroll once verified	<ul style="list-style-type: none"> No system for staff scheduling other than excel, manual processes Manual data entry and verification for staff timesheets for payment (HR system) Administratively burdensome and manual when supply staff needed to cover when staff need to book off Lacks transparency on how shift fulfillment is being done in accordance with policy and procedures (i.e., what staff gets called first, distribution of shifts)
Website	Basic information about the services offered, rates and an intake form to add child to the waitlist	<ul style="list-style-type: none"> Public site basic information with login for Parents, Staff and Board Simple intake-form available for parents to add their child/children to the waitlist deposits automatically to ACCECO making it better compared to other child care providers in Lanark County that do not have a way to apply on-line New technology solution is considered by Carleton Place Child Care Services and/or the Town of Carleton Place, this site should be part of the requirements

		to support a good experience for parents researching child care options and program awareness
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Technology updates should focus on integration with existing solutions that are working well and those that can address key priorities since it may not be possible for Carleton Place Child Care Services to meet all their needs with just one technology. The timing is ideal to consider new technology and an initial scan of leading solutions and preliminary research including a couple of demonstrations to address the priority areas has already been started by Carleton Place Child Care Services. This initial investigation suggests that adopting new technology will likely be budget neutral as costs would be similar, if not less, than the current expenditure on technology.

Carleton Place Child Care Services already uses technology to help manage aspects of its business. However, solutions are not integrated and there is some urgency to reduce the administrative burden in three primary areas: Invoicing and billing including subsidy; waitlist management to support enrollment efficient; and staff scheduling. A preliminary scan of available solutions is promising and is expected to be budget neutral. There are clear benefits for the program to continue to digitally transform to streamline administration, generate more revenue and lower service delivery costs using proven solutions.

RECOMMENDATIONS

5.0 Recommendations

Recommendations made throughout the report are organized into 5 key areas for management's consideration:

- Financial
- Governance and Organizational
- Efficiency through better use of resources
- Digitization to streamline administration and improve customer service
- Service delivery improvements

Recommendations can be implemented separately or together and are listed in order of priority based on an assessment of importance and ease of implementation informed by all aspects of the service delivery review and findings summarized throughout this report. It is Council's decision to endorse actions based on the recommendation of management according to priorities and the level of change management can handle within existing resources. Fully implementing any recommendation that is prioritized and chosen by management is more important than adopting several but not executing due to inherent resource constraints.

Financial Management – *whole of system cost, cost of administration, access to funding, utilization of funds*

1. **Enhance the current 2022 Budget Excel spreadsheet to provide a financial model** with Key Financial Indicators that can be interpreted by child care management for decision-making and reporting. Ensure management can understand and manipulate the model to support key decisions with financial projections as strategies to open classrooms and maintain occupancy are undertaken.
2. **Use the cost model** in its current format to evaluate staffing options for classroom configurations and compliance to ratios to better understand and manage the cost of delivery.
3. **Engage with Lanark County to review the 2022 budget and scale-up plan** to get to full capacity to confirm access to the maximum available Direct Operating Grant to plan, build and monitor a sustainable financial model and avoid year-end adjustments and funding based on historical lower licensed capacity on which funding may be currently based on.
4. **Continue to increase market rates and request maximum increases for subsidized rate** to maximize revenue for all enrollment revenue with annual reviews of market rates to remain competitive.
5. **Review wage subsidy program requirements** and compliance requirements to maximize funding allocations in alignment with eligible staffing positions and salary levels to recruit and retain staff with fair compensation at the lowest possible cost.

6. **Generate more revenue by charging for additional services** such as early drop-off/late pick-up and transportation fees (Carambeck) or other ancillary services provided they can be easily billed as part of any new technology adoption.
7. **Generate more profitable revenue** by adding more school-aged and camp programs at Carambeck and in partnership with schools with the possibility for re-locating/establishing programs to schools where volume can be supported, especially if expansion under a Provincial-Federal agreement takes place.

Governance and Organizational – *job responsibilities, management and oversight, authority, and accountabilities*

8. **Review the role of the Advisory Committee** including its relevance and current Terms of Reference to develop a model that continues to encourage and promote parent involvement balanced with responsibility of Carleton Place Child Care Services management and administration to manage operational and financial aspects of the business and its role reporting to Council.
9. **Transition the Administration FTE** currently responsible for billing and invoicing to a new job description that includes finance experience, analytical capability for reporting and supporting management with key business decisions and adept with technology.
10. **Designate a central role responsible for waitlist management** within the part-time administration position to manage parent communications, applications, offers of vacancy through to enrollment and completion of registration packages to free up Supervisors from duplicative administration work.
11. **Increase the use of Assistant Teachers in classrooms** with maximum group sizes to meet the requirements of the CCEYA proportion of qualified staff to improve profitability and provide more flexibility to recruit new staff while the sector continues to be challenged by staff shortages.
12. **Reconsider introducing the Head Teacher role** by adopting recommendations to reduce administration burden associated with waitlist management, registration and staff scheduling so that Supervisors can spend more time supporting teaching staff.
13. **Create a business case to add a full-time Director**, Child Care position as the program scales up to its full capacity to the management organization that would focus on strategy, finance and business operations allowing the Manager to focus on programs, regulatory, quality, staff development and management.

Efficient Use of Resources – *maximize and leverage existing resources, facilities, assets, staffing and funding*

14. **Engage HR to develop and support a staff recruitment strategy** and process including having HR assist with posting of positions and initial screening to present vetted candidates to save valuable administration time.

15. **Work with HR** and the cost model/finance to review pay scales and contractual agreements especially for newly hired staff and compensation levels for supply staff to help inform and manage this key expense category.
16. **Leverage Assistant Teacher** (unqualified as per CCEYA) with maximum permitted groups in each classroom where classroom configuration and enrollment levels permit.
17. **Focus on enrollment efficiency** as a common metric for enrollment, waitlist management, daily operating and staff scheduling. Set targets and monitor performance regularly (e.g., daily, weekly, monthly).
18. **Initiate a business case** for the return on investment and feasibility of renovating some or all of the 8 space Preschool classrooms to 24 spaces to drive more profit and offer more staffing flexibility.
19. **Focus supervisors work on centre management** to support efficient operation, increase availability to program staff and to support parent relationships for children enrolled in alignment with organizational recommendations and technology adoption.
20. **Engage with peer child care programs and Lanark County Service System Manager** to identify shared approaches to the staffing challenges and potential funding sources for innovation.

Digitization - *technology to streamline administration, automate, provide data, improve decisions and customer service*

21. **Initiate immediately a process to evaluate at least 2 leading software solutions** to compare the capabilities of HiMama (add-on component already reviewed), to transition invoicing and billing to digital to reduce the administration burden, improve accuracy and accommodate fee-paying and subsidy requirements.
22. **Review CampBrain software used for the school-aged programs to include requirements in the evaluation** of new digital solutions that would allow Carleton Place Child Care Services to use one system for both centres from application through to on-line digital enrollment and registration, scheduling, attendance, and invoicing.
23. **Engage with Lanark County Service System Manager on potential of sponsoring a central registration and waitlist tool** used in adjacent communities of Ottawa and Kingston to provide all child care programs a way to market their programs to all parents and enjoy waitlist management tools to streamline administration, improve enrollment efficiency, parent communications, and generate data about access and waitlist. This would improve customer service to all parents in Lanark County while saving the monthly/annual fees with the current product or its replacement.
24. **Coordinate demonstration of staff scheduling and supply staff optimization** across agencies with the only software that provides such capacity, BookJane, a leading child care staffing solution in the child care sector. Evaluate the benefits of digital innovation to streamline staff scheduling, shift fulfillment and even staff sharing with agencies or across supply lists (other municipally operated programs).

Service Delivery Improvements – *modernize service delivery, streamline to eliminate duplication/low value work, improve customer service and convenience, improved client relationships, program policy, regulatory*

25. **Establish regular parent and staff satisfaction surveys** in accordance with the methods and principles of “Raising the Bar”, the quality assurance program across Lanark County child care.
26. **Engage Lanark County Service System Manager and other interested child care providers on a staff recruitment strategy** leveraging the leadership of the municipality operated programs.
27. **Develop a strategic plan for Carleton Place Child Care Services** through a strategic planning process that aligns the strategic priorities of the Town of Carleton Place and priorities of the program to help guide decision-making, set objectives and monitor progress.
28. **Modernize the Carleton Place Child Care Services website** by moving content from the separate URL to the Town of Carleton Place website with external links for parents to apply to the program and for parents, staff and other to access secure portal.
29. **Continue to scan for digital opportunities and innovation** that streamlines parent and staff engagement and communications, automates repetitive and administratively burdensome tasks and that can deliver data driven insight to become the exemplary program in Lanark County.

6.0 Summary

This service delivery review clearly demonstrates that Carleton Place Child Care Services is a valued program to the families it serves and is an important service provider in the system of care in Lanark County and critical to overall access to high quality, regulated child care for the communities in this region. There is no doubt the pandemic has created significant headwinds for Ontario’s child care sector to disrupt the business model with atypical demand patterns and operating criteria that has made it more difficult and financially less stable. Carleton Place Child Care is no exception nor are their peers. Importantly, the pandemic has truly highlighted the systemic problems that have historically existed in the sector. The need to operate at maximum efficiency with a razor-sharp focus on staff salaries, the highest expenditure area, requires many decisions that force a constant tipping point between quality and access.

With a strong operating performance pre-pandemic, Carleton Place Child Care Services is well-poised to leverage the scale of its centres to return to those levels. Mostly, this service review has highlighted the need for strong business acumen and finance. Streamlining operations, especially through proven digital solutions is an easy way to transform service delivery and reduce cost

and improve service experience. When margins are slim to none, finding every opportunity to be efficient is crucial. This is particularly true when a program needs to continue to fill its capacity to those levels when profit can begin.

To be successful, Carleton Place Child Care Services must embrace their own leadership capacity to engage on several fronts: with Lanark County to fully understand how to leverage government funding in their business model; continue to work with their peers and Lanark County to employ strategies that will help them find and retain qualified staff as shortages across the sector are at an all-time high; collaborate with Ministry Licensing to remain compliant with new policies and practices while demonstrating care and attention to child safety and quality early learning; and, encourage parent and staff engagement to constantly evaluate their offerings, identify key challenges and solutions.

This report has put forward several recommendations that can be implemented on their own or together, depending on the priorities and resource capacity of Carleton Place Child Care Services and the Town of Carleton Place. The sustainable business model balances enrollment efficiency, fee collection, accurate pricing, access to multiple funding streams including private-pay, subsidy, and grants to lower the unit cost of child care delivery. Again, this is achieved through solid business and finance driven decision-making. There is no doubt that Carleton Place Child Care Services knows how to deliver high quality care as demonstrated by the analysis in this review so there is little risk of quality being compromised should any recommendations be accepted and implemented. A clear advantage for Carleton Place Child Care Services is its scale, since large programs typically have a lower per unit cost for delivery getting them to profit faster. In the current climate, they must work smarter and perhaps harder to ramp up capacity and then sustain operations with efficiency.

Appendix – Surveys

1.0 Staff Survey Questions

1. What is your Primary job location?
 - Francis St.
 - Carambeck

2. What category best describes your role?

<ul style="list-style-type: none"> <input type="radio"/> Teacher – Registered Early Childhood Educator (RECE) <input type="radio"/> Teacher - Non-Registered ECE <input type="radio"/> Assistant Teacher – Non-Registered ECE 	<ul style="list-style-type: none"> <input type="radio"/> Assistant Teacher -Registered Early Childhood Educator (RECE) <input type="radio"/> Student - RECE in training <input type="radio"/> Cook/Kitchen Assistant 	<ul style="list-style-type: none"> <input type="radio"/> Supervisor <input type="radio"/> Manager <input type="radio"/> Administration <input type="radio"/> Supply Teacher <input type="radio"/> Other (Please specify)
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3. What best describes your employment?

<ul style="list-style-type: none"> <input type="radio"/> Full Days 5 days per week (Monday to Friday) <input type="radio"/> Full Days part-time (less than 5 days per week but full days) 	<ul style="list-style-type: none"> <input type="radio"/> Part Time - less than 6 hours per day <input type="radio"/> Part Time - more than 6 hours per day 	<ul style="list-style-type: none"> <input type="radio"/> Supply – when scheduled/called to cover shifts <input type="radio"/> Other (Please specify)
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4. How would you describe your current job satisfaction? Please explain your rating choice?

<input type="radio"/> Very Satisfied	<input type="radio"/> Satisfied	<input type="radio"/> Neutral	<input type="radio"/> Dissatisfied	<input type="radio"/> Very Dissatisfied
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5. The organization and management are responsive and supportive to me so that I can do my job to the best of my ability? Please explain your rating choice?

<input type="radio"/> Strongly Agree	<input type="radio"/> Agree	<input type="radio"/> Neutral/Neither Agree nor Disagree	<input type="radio"/> Disagree	<input type="radio"/> Strongly Disagree
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6. What do you feel is working well at your centre and that you would not want to see change as a result of this Service Delivery Review? Comment

7. What changes would you like to see as a result of this Service Delivery Review?

8. What do you think should be most important priorities for management and administration to focus on?

9. Please add any additional comments you feel are important to this Service Delivery Review.

2.0 Advisory Board Survey Questions

1. What type of Committee member best identifies you?
 - Parent with a child CURRENTLY attending at Francis St. location
 - Parent with a child CURRENTLY attending at - Carambeck location
 - Parent of a child PREVIOUSLY attending Carleton Place Childcare Services - any location
 - Councillor – Elected Official
 - Community Member/Volunteer
 - Employee of Carleton Place Childcare Centre
 - Town of Carleton Place Service Partner
 - Other (Please specify)

2. How long have you been a member of the Advisory Committee?
 - Less than six months
 - Six months to a year
 - 1 – 2 years
 - 3 or more years

3. How involved is the Advisory Committee in setting Carleton Place Childcare Services priorities and objectives?
 - Extremely involved
 - Very involved
 - Moderately involved
 - Slightly involved
 - Not at all involved

4. How much of an impact do you feel the Advisory Committee makes on the decisions made by the administration on the priorities and objectives of Carleton Place Childcare Services?
 - Significant impact
 - A lot of impact
 - A moderate amount
 - A little impact
 - Not at all

5. How familiar are you with the financial aspects of Carleton Place Childcare Services (i.e. regular review of budget, key financial indicators, regular profit and loss statements, etc.)? * Extremely familiar Very familiar Somewhat familiar Not so familiar Not at all familiar
 - Extremely familiar
 - Very familiar
 - Somewhat familiar
 - Not so familiar
 - Not at all familiar

6. What options should Carleton Place Childcare Services administration consider for its long-term financial sustainability? Click any that you think apply or in your opinion are worthy of consideration or investigation as part of the service delivery review. Note: please know that by selecting any options does not confirm or suggest they will be recommendations but rather may warrant consideration in the analysis). * Any additional comments?

<ul style="list-style-type: none"> <input type="radio"/> Cut Staff Costs <input type="radio"/> Raise Parent Fees - Daily Full Time/Full Day <input type="radio"/> Raise Part-time/Part-Day Fees <input type="radio"/> Find Operational Efficiencies <input type="radio"/> Reduce Administration Overhead <input type="radio"/> Use More Teaching Assistants 	<ul style="list-style-type: none"> <input type="radio"/> Through a formal process find a community operator for one or both centres and become only the landlord Lower licensed capacity <input type="radio"/> Expand capacity, increase more school aged, summer care 	<ul style="list-style-type: none"> <input type="radio"/> Charge Transportation Fees where applicable (to/from school not bused) <input type="radio"/> Charge Overtime Fees (before 7 am and after 6 pm) <input type="radio"/> Contract Food Services to Outside Agency <input type="radio"/> Do not know Other (Please specify)
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7. What additional opportunities do you see that Carleton Place Child Care Services should consider to improve its financial stability?

For more information about this report, please contact the Consultant:



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