

BRIEFING

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PFC2020-0035

Item # 5.2.2

**Chief Financial Officer's Briefing to
Priorities and Finance Committee
2020 January 21**

**ISC: UNRESTRICTED
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ZBR Program Update

PURPOSE OF BRIEFING

This report provides an update on the Zero-Based Review (ZBR) Program, including an update on the program benefits to date and the results of the Legal Services review and the Internal Recoveries opportunity within the Shared Challenges of the Internal Services ZBR.

SUPPORTING INFORMATION

ZBR Program updates and milestones: Eleven reviews have been completed since 2012 with real benefit to citizens, including \$53.1M in total annual financial gains¹ realized as of December 2019, plus various improvements to service effectiveness. More details on the program's financial progress, including the \$9.5M annual financial gains realized in 2019, are available in the ZBR Program Dashboard (Attachment 1). Case studies on other tangible service effectiveness benefits delivered to Calgarians are presented in the Service Improvement Case Studies (Attachment 2). Milestones have recently been reached by two ZBRs: Legal Services and Internal Recoveries (part of the Shared Challenges of the Internal Services ZBR), and their findings bring the total predicted annual gains identified through the ZBR program up to \$64M – \$80M.

The Legal Services ZBR Steering Committee has approved Administration's Commitments, with the ZBR now moving into the Implementation phase (Attachment 3). Creating a resilient and scalable legal service will result in an estimated \$3M – \$5M in cost avoidance, and further benefits the entire Corporation by better managing risk, (which in turn helps protect The City's reputation and its entire \$4.5B operating and \$1.7B capital budgets). Implementation of some of Administration's Commitments is already underway, while other elements will require more detailed planning. Legal Services will develop an in-depth implementation plan in 2020 and bring forward any identified one-time budget requirements to support it through the adjustments process in 2020 November.

The Internal Recoveries opportunity examines when and how recoveries can support the strategic and financial goals of The City. Through engagement of an external consultant, the current state report was completed, and recommendations for creating a future state have now been approved by the Administrative Leadership Team (ALT). Attachment 4 provides further detail. Some of the challenges this opportunity identified were systemic in nature, affecting more than just internal recoveries. The recommendations have taken this into account, identifying opportunities to resolve both internal recoveries questions and the broader systemic issues. The opportunity's cost savings and productivity gains are estimated to be between \$550K – \$2.2M annually, and this work also presents an opportunity to continue bridging organizational silos, centralizing decision-making and furthering cross-corporate collaboration.

¹ This includes annualized gains which are realized at different frequencies.

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Background: The ZBR Program was created in response to Council’s direction to become “a more effective and disciplined organization” (C2011-55), and in 2016 a new program mandate and reporting method were approved (PFC2016-0883). ZBRs are one of the elements incorporated into the Solutions for Achieving Value and Excellence (SAVE), formerly known as the Strategy for Improving Service Value (SISV). It was introduced to Council in 2019 July (C2019-0883) and will create a more structured savings and efficiency environment – including increased coordination and triage of tools and initiatives, and better tracking of progress towards targets. SAVE capitalizes on existing and new work all organized under five levers, one of which is Service Efficiency and Effectiveness. The Priorities and Finance Committee will receive monthly SAVE updates which will include information on service review and improvement work, and the ZBR program will continue to evolve with the development of SAVE, including the introduction of external consultants who will support Council and Administration to accelerate the modernization of service delivery and the sustainability of operations.

For an overview of the ZBR program, please visit www.calgary.ca/ZBR.

Conclusion: Eleven ZBRs are now complete, with many improvements to service effectiveness and \$53.1M in total annual financial gains. Milestones were reached by the Legal Services ZBR and the Internal Recoveries – Shared Challenges of the Internal Services ZBR, and they bring the predicted annual gains identified through the ZBR program up to \$64M – \$80M.

This year, the conversation continues with Council about the future focus of all streams of service efficiency and effectiveness work within the larger context of SAVE.

ATTACHMENT(S)

1. Attachment 1 – ZBR Program Dashboard
2. Attachment 2 – Service Improvement Case Studies
3. Attachment 3 – Legal Services ZBR Summary Report
4. Attachment 4 – Shared Challenges of Internal Services ZBR Summary Report