

Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10

ISC: UNRESTRICTED
PFC2020-0284

Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update

EXECUTIVE SUMMARY

This report provides an update on the Solutions for Achieving Value and Excellence (SAVE) program, as directed by Council in 2019 November. It gives an overview of the program activities completed, underway and planned, together with overall timelines and projected costs. Council's approval is sought to redeploy resources from the ZBR program, to minimize the need for additional funding.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council direct Administration to:

1. Pause new Zero-Based Reviews (ZBRs) for the duration of 2020 and 2021; and
2. Incorporate reporting on prior ZBRs into SAVE program updates.

PREVIOUS COUNCIL DIRECTION / POLICY

The SAVE program, previously known as the Strategy for Improving Service Value (SISV), was introduced to Council in 2019 July (C2019-0883). On 2019 November 29, Council directed that the SAVE program:

- identify at least \$74 million in operational savings, with a minimum of \$24 million in savings implemented by the start of 2021 and at least \$50 million more by the start of 2022;
- provide the Priorities and Finance Committee (PFC) with an update in Q1 of 2020 on components of the SAVE program, "including anticipated activities and costs to undertake the scope of work identified in C2019-1011, *Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint...*"; and
- wrap all current initiatives related to savings and efficiency, including ZBRs and sub-service reviews, into the SAVE program.

On 2016 November 15, the PFC approved Administration's recommendation for an updated ZBR program mandate and reporting approach, including requirements to report to the PFC no less than three times per year (PFC2016-0883).

BACKGROUND

Faced with a continued economic downturn, The City must find a balance between streamlining our activities, maintaining safety, and protecting the environment, all while providing the quality of services that Calgarians want and expect. SAVE provides a strategic approach to meeting the fiscal challenges faced by The City while minimizing the need for future across-the-board reductions.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Development of the SAVE program is aligned with The City's standard Program Management Practices, which features a three-phase program life-cycle. The Program Definition Phase has been the focus to date and is nearing completion. The Program Delivery Phase is now ramping up. As directed by Council, program delivery will be augmented by an external consultant and evaluation of responses to the recent Request for Proposals is currently underway. The

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Program Closure Phase is tentatively scheduled for 2022. Attachment 1: SAVE Framework and Timelines provides further details.

Significant resources are needed to deliver the required results within the specified timeframe. Attachment 1 also summarises the costs to deliver the SAVE program, and explains how Administration will accommodate them within existing budgets.

Stakeholder Engagement, Research and Communication

Communication and change management strategies are currently being developed for SAVE. Administration is committed to making the findings of the external consultant public, and the SAVE website (calgary.ca/save) will be updated as the program evolves. Public engagement will also be part of SAVE and will be coordinated with other plan and budget related topics.

Strategic Alignment

SAVE supports the City Manager's goal to: *Optimize financial management of operating and capital budgets and reduce the cost of government with an objective to find savings and maximize operating base budget to ensure sustainable service delivery (C2020-0184)*. SAVE also furthers The City's commitment to continuous improvement, the citizen priority of "a well-run city", and One Calgary's service-based approach to plans and budgets.

Social, Environmental, Economic (External)

N/A

Financial Capacity

Current and Future Operating Budget:

There are no operating budget impacts as a result of this report.

Current and Future Capital Budget:

There are no capital budget impacts as a result of this report.

Risk Assessment

Although SAVE presents various risks, they are outweighed by the potential benefits of taking action. Attachment 2: SAVE Program Risks and Opportunities provides further details.

REASON(S) FOR RECOMMENDATION(S):

Re-allocating resources from the ZBR program supports the SAVE program to achieve its goals while minimizing the need for additional funding.

ATTACHMENT(S)

1. Attachment 1 – SAVE Program Framework and Timelines
2. Attachment 2 – SAVE Program Risks and Opportunities