

Solutions for Achieving Value and Excellence (SAVE) Program Preliminary Results and Actions

RECOMMENDATION(S):

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee receive this report for the Corporate Record and discussion

HIGHLIGHTS

- The Solutions for Achieving Value and Excellence (SAVE) program supports The City's financial sustainability and is on track to identify and realize \$24 million in savings in 2021 and \$50 million in 2022, as directed by Council.
- What does this mean to Calgarians? Faced with a continued economic downturn and the impacts of COVID-19, The City must take bold and immediate action to innovate how we deliver services to help keep taxes affordable.
- Why does it matter? SAVE is a key driver of transformation within The City by encouraging innovation, enabling modernization and actively seeking ways to rethink how Administration works together to serve Calgarians.
- After collecting and reviewing more than 2,400 ideas from various sources, the SAVE program is currently developing more than two dozen priority business cases that will allow it to meet Council's target of \$24 million in strategic savings in 2021.
- The program is also targeting new or improved revenue streams, as directed by Council.
- Work on the business cases includes in-depth financial and operational analysis as well as engagement-informed consideration of citizen impacts.
- The program is actively managing several risks related to competing priorities and organizational culture within The City, and is working closely with leaders throughout the organization to ensure that the program remains on track.
- The program's completed business cases will be incorporated into the overall package delivered to Council during the November plan and budget deliberations.
- On 2020 April 6, Council approved the recommendations from SAVE Program Update PFC2020-0284, which included "that Council commit to trust the processes and endeavor to provide confidence to citizens and encouragement to staff".
- Strategic Alignment to Council's Citizen Priorities: **A well-run city**
- SAVE also has strong alignment with Administration's Rethink to Thrive strategy.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

On 2019 November 29, Council directed that the SAVE program "target a reduction in operating budgets in of an additional \$24 million in 2021 and \$50 million in 2022 in order to deliver modern and affordable municipal lines of service within our City mandate" (C2019-1052).

To help deliver the SAVE program, a Request for Proposal (RFP) for external consultants was put in market from 2020 January 15 to February 13. The successful proponent was Ernst and Young (EY), who have extensive expertise in public and private-sector enterprise transformation programs, including working with municipalities on cost savings and revenue generation.

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As noted in the RFP and in subsequent program communications, including monthly updates to the Priorities and Finance Committee (PFC), the heart of the SAVE program is a “funnel” process: a robust, evidence-based approach for prioritizing the most promising savings and revenue ideas to develop into business cases that will feed into the November service plan and budget adjustments. This process is key to reaching SAVE’s financial targets and delivering wider program benefits such as cultural growth and an ongoing budget management mindset.

The SAVE funnel process includes three stages: ideas, opportunities and business cases (see www.calgary.ca/save for details). More than 2,400 wide-ranging ideas, including 1,600 ideas from employees, were collected and reviewed against prioritization criteria previously approved by the Administrative Leadership Team (ALT). The most promising ideas were developed in consultation with impacted service owners into opportunity statements for further review.

In 2020 July the ALT approved development of nearly 50 business cases. The SAVE program then prioritized work on more than two dozen of the approved business cases to meet the savings target for 2021. These are being actively developed in conjunction with service owners and their teams. For a list of the approved and active business cases, please see Attachment 2.

Service owners and ALT members are now sponsoring the business cases and it is the collective responsibility of both service owners and the SAVE team to achieve implementation.

When completed, the business cases will include detailed financial and operational information, as well as analysis of potential impacts on citizens. These details will inform Council’s decision-making for the Mid-Cycle Adjustments.

SAVE is being pursued in alignment with other major initiatives under way within The City. It supports Administration’s Rethink to Thrive Strategy and the goal of growing our culture to become a more modern and resilient municipality. In particular, SAVE helps to improve service value and reduce the cost of government by increasing service efficiency and effectiveness. In addition, SAVE provides a vehicle for new and effective practices introduced in response to COVID-19 to gain and maintain momentum. SAVE’s work also aligns with various recommendations of the Financial Task Force.

The program is on track to complete its currently active business cases and integrate them with the Mid-Cycle Adjustments process in November. After this milestone, the program will shift its focus to implementation and benefits realization, as well as development of the business cases geared toward the \$50 million savings target for 2022.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

A series of “financial conversations with citizens” were initiated by Administration in July and will run through the fall. Various financial topics will be covered, including SAVE, and will involve both statistically representative surveys and interactive engagement activities. Input received

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will be used to inform the Mid-Cycle Adjustments package delivered to Council in November. A “What We Heard” report summarizing this input will also be shared prior to November.

In light of COVID-19, www.engage.calgary.ca/yourservices will be the primary vehicle for engagement, but citizens will also be able to submit feedback via Calgary 311. In addition, a multicultural marketing strategy will be executed to encourage Calgary’s diverse population to participate in these financial conversations.

Starting on August 27, a targeted round of engagement was initiated on several SAVE initiatives with potential to directly impact citizen-facing services. In addition, the program team introduced SAVE to the Social Well-Being Advisory Committee in June and will continue engaging this Committee going forward. The results of these various engagements will be incorporated into the related SAVE business cases prior to their review by Council.

IMPLICATIONS

Social

The SAVE program is striving to find savings without adversely impacting citizens, especially the most vulnerable, and recognizes that its work may have broad impacts. It is incorporating social considerations into its analysis and also designing its public engagement to be as inclusive as possible, including outreach via multicultural and non-digital channels. Feedback from this engagement will inform the program’s analysis.

Environmental

Several business cases currently being developed by the SAVE program include elements that will reduce The City’s consumption of paper, electricity, and fuel, among other resources. Investigation of new work arrangements, including remote working, might also yield broader environmental benefits (e.g. reduced emissions from employee commuting). These and related impacts will be incorporated into the analysis within the various business cases.

Economic

By reducing the cost of local government, SAVE supports fiscal sustainability and the long-term economic resilience of The City. The program’s mandate also aligns with several of the Financial Task Force’s recommendations (e.g. on revenue generation). In addition, SAVE’s emphasis on service improvement and modernization is a strong positive signal in support of ongoing efforts to improve Calgary’s attraction and retention of investment and talent.

Service and Financial Implications

The SAVE program is designed to reduce base operating budgets that were previously approved through the One Calgary 2019-2022 Service Plans and Budget and amended during subsequent plan and budget adjustments. The program must achieve a reduction in operating budgets of at least \$24 million in 2021 and \$50 million in 2022 in order to deliver modern and affordable municipal lines of service within our City Mandate. Police services budgets and capital budgets are outside of the program’s scope.

Operating budgets and service plans will not be directly impacted by SAVE until adjustments are reviewed and approved by Council as part of Mid-Cycle Adjustments process in November.

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Other:

Expenditures related to execution of the program are currently on track. The RFP for the consultant was valued at up to \$3 million in one-time operating funds, and spending on this contract is closely monitored. Costs related to the complement of City staff working on the program, led by resources usually deployed to support the Zero-Based Review (ZBR) and One Calgary programs, remain stable and represent a further investment of around \$3 million per year from base operating budgets.

Costs for the time of many City staff across the organization supporting the program have not been estimated, as the work has generally been absorbed by existing teams and budgets given the priority of this work.

If the SAVE program had not been initiated, this energy and funding would have likely been used for other ZBR activities and service reviews, including the deployment of external consultants in targeted areas. Creation of a comprehensive, City-wide program like SAVE brings greater scale and structure to these activities, creates more awareness of best practice and continuous improvement, and allows the program to be leveraged for broader organization-wide transformation.

RISK

The SAVE program balances aggressive, centrally-driven timelines with complex analysis that impacts all areas of the organization. This results in a number of risks, which must be actively managed for the program to realize its financial and cultural benefits.

The city's historical culture and context create a challenge when it comes to implementing centralized initiatives. Business units are accustomed to having a high level of autonomy to deliver on their mandates, and their emphasis tends to be on incremental, more narrowly-focused initiatives instead of transformational, cross-corporate approaches.

In addition, timely, accurate, consistent, and easy-to-analyze corporate-wide data is not always available, making development of useful financial estimates a challenge. Also, the results of previous initiatives are not always tracked consistently, and full implementation of a standardized benefits realization approach (where one already exists) is needed.

Management of these risks is based on continued communication and engagement to ensure awareness of timelines and benefits, build support, and drive the necessary analysis. Where appropriate, best practices and lessons learned from similar programs are being incorporated. Strong reinforcement of the program by senior leaders of Administration has also been, and will continue to be, a primary management strategy. Cumulatively, these strategies have allowed the SAVE program to remain on track despite a challenging environment.

ATTACHMENTS

1. Background and Previous Council Direction
2. Business Cases Approved and Under Development

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 September 8**

**ISC: UNRESTRICTED
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Results and Actions**

Department Circulation

General Manager	Department	Approve/Consult/Inform
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