

## SERVICE BASED PLANS AND BUDGETS

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### EXECUTIVE SUMMARY

In response to Council's five imperatives, The Administration is introducing some significant changes to the way in which The City's business plans and budgets will be presented for the next business plan and budget cycle (2019-2022). Given the scale of these changes, and the significant amount of advance planning that is required, work to make these changes is already underway. One of the fundamental changes is to present the plans and budgets by the services that The City provides rather than by the way in which it is organized (department and business unit). This report outlines why the changes are being made, what the main changes are, and the benefits that Council should expect to see as a result of the change. In addition, the City's list of services is provided.

### ADMINISTRATION RECOMMENDATION(S)

Administration recommends that Council receive this report for information.

### PREVIOUS COUNCIL DIRECTION / POLICY

The Multi-Year Business Planning and budgeting Policy (CFO004) was approved by Council on 2005 January 31, and then amended in 2008 January 14. This policy stipulates the approach that The City uses for multi-year planning and budgeting.

On 2013 April 22, Council approved a modified four-year approach to business planning and budgeting (PFC2013-0338), to align The City's business plan and budget process to the four-year election terms.

On 2014, September 15, Council approved the City Manager's Leadership Strategic Plan: Contract with Council (C2014-0703), which identified Council's five Imperatives where Council is looking for organizational change. These are discussed in the next section.

On 2014 November 24, Council approved *Action Plan* 2015-2018, as amended (C2014-0863). Since this time, the plans and budgets have been adjusted the 2016 Resilience Budget (C2015-0696) and the 2017 Mid-Cycle Adjustments (C2016-0863) in order to respond to the economic downturn and meet emerging needs.

### BACKGROUND

In the fall of 2014, Council identified five Imperatives where it was looking for organizational change.

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### Council's Five Imperatives

1. **Integrated Service Delivery** – Council is consistent in its view that the Corporation needs to provide services in a much more coordinated and integrated way
2. **Engaged Leadership** – Council wants collaborative organizational leaders and managers that function together as a team
3. **Trust and Confidence** – Council is asking for an organization that is reliable, honest, effective, and has Council's confidence and trust
4. **Public Service Culture** – Council wants the organization to deliver its services with a citizen and customer focused approach
5. **Investment and Value** – Council expects a sustainable financial plan from Administration that is responsible and creates value.

In response to these imperatives, the City Manager developed the Leadership Strategic Plan (LSP), approved by Council on 2014 September 15. Included in the LSP was implementation of a Performance Management System, including a new service-based approach to plans and budgets. As one of the largest cross-corporate processes, the development of business plans and budgets are an important lever to bring about the changes Council identified. The changes will take effect starting with the 2019-2022 business plan and budget cycle.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

Services are what matter to citizens, not how The City is organized. As a result, the organization is shifting from department-based to service-based plans and budgets. Effectively this means that we are changing the conversation from *who* does things and *how* they do them to *what* we are delivering and *why*. With information presented in this form, the connection to citizens and their needs is much greater, and there is an opportunity for Council to make decisions about service levels and expectations, as well as service value and costs. Some services cross organizational lines (e.g. streets, sidewalks & pathways, which is divided between roads and parks). This provides the opportunity for better service integration between organizational units, since they will share a common purpose and performance measures. Having dedicated plans and budgets along these services will enable better service delivery to citizens and customers.

A list of 62 services has been created, of which 43 are public facing services and 19 are internal facing. A plan and budget will be prepared for each of these services. The plans will provide a description of the service and identify how it contributes to the overall quality of life results for Calgarians as well as provide four-year service strategies, performance measures, service levels, and, where possible, service unit costs.

While there are a number of changes being introduced, many features from past cycles will remain. Plans and budgets will remain integrated, multi-year, and be informed by a number of sources such as Council's priorities and long-term plans. Annual adjustments and biannual

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Accountability Reports will also continue, but will be service-based. Administration will continue to have the same internal management reports that they currently utilize to help manage their operations.

Attachment 1: Moving to Service Plans and Budgets for 2019-2022 provides more details of the Service-Based approach. It includes a complete description of Service Plans and Budgets; the expected benefit; and describes the main changes that Council can expect to see for the 2019-2022 cycle. In addition, it provides the high-level methodology and list of services that has been developed for The City that will be used for the 2019-2022 cycle.

### **Stakeholder Engagement, Research and Communication**

Research and engagement on Service Plans and Budgets has been conducted and incorporated into the new method.

- Several Canadian cities that have moved to a service-based approach were studied, and a number interviewed to obtain lessons learned and key success factors;
- Extensive engagement across the organization has been conducted to develop the service list and to test the methods that will be used to develop the plans and budgets;
- The Citizen Panel was used to obtain feedback on the service names and descriptions; and
- Council members were interviewed in March and April this year to ensure that the methods being developed are consistent with what they feel is important and that it will help to deliver some of the changes they are looking for. In general, Council members generally agree that the move to service plans and budgets will help to better connect with citizens and help enhance the collaboration between business units. A more complete summary is included in attachment 1, page 9.

### **Strategic Alignment**

As previously noted, business plans and budgets are one of the largest corporate processes that The City undertakes. They are a key lever to drive the organizational change that is desired by Council as outlined in its five imperatives and as described in the Leadership Strategic Plan.

### **Social, Environmental, Economic (External)**

Service Plans and Budgets are a tool that allows consideration of the social, environmental and economic environment during the business planning and budgeting process. The plans and budgets will be developed using a result-based performance framework, which includes information on how each city service contributes to quality of life results for Calgarians and their aspirations for the community.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

The work on Service Plans and Budgets is being accommodated within previously-approved budgets.

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### **Current and Future Capital Budget:**

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

### **Risk Assessment**

The change to Service Plans and Budgets is significant and will change the way we approach business planning and budgeting and will shed new light onto what services The City offers and at what level and cost. A significant and rigorous study has been completed to ensure that the processes and information will be as complete as possible for the 2019-2022 cycle. It is recognized that some areas may not have all the information sufficiently developed for use in the first cycle. For example, where new data is required it may take time to collect it and analyze it before making decisions based on it. To mitigate this risk, Administration is taking a phased approach, along with data development improvements, with each business plan and budget going forward.

### **ATTACHMENT(S)**

1. Moving Towards Service Plans and Budgets for 2019-2022