

Chief Financial Officer's Report to  
Combined Meeting of Council  
2020 July 20

ISC: UNRESTRICTED  
C2020-0862

## Solutions for Achieving Value and Excellence (SAVE) Core Service Review Findings

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### EXECUTIVE SUMMARY

In 2020 Q2, the SAVE Program undertook a Core Service Review. This research was done to support SAVE's primary process of identifying, prioritizing and implementing initiatives that will modernize City services and deliver \$74M in base operating budget savings and new or improved revenue streams for The City. In addition to informing the work of the SAVE program, the findings have been written up to provide a comprehensive review of all City services (Attachment 1, Confidential) that helps respond to questions from Council on The City's role in service delivery and how The City's services compare to those in other municipalities. This value-added analysis can inform future discussions on SAVE and broader conversations regarding The City's service plans and budgets.

#### ADMINISTRATION RECOMMENDATION:

That Council:

1. Receive this report for the Corporate Record and discussion; and
2. Direct that Attachment 1 be held confidential pursuant to Section 24(1)(a), (d), and (g) of the *Freedom of Information and Protection of Privacy Act* to be reviewed by 2035 July 20.

### PREVIOUS COUNCIL DIRECTION / POLICY

In 2019 May, Administration accelerated development of a sub-service list to meet Council's need to move forward rapidly with sub-service reviews. The City's 245 sub-services were provided to Council on 2019 July 16 (C2019-0883).

On 2019 July 29, Notice of Motion 2019-1011, Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint, directed Administration to seek proposals from external experts about services available to assist Council and Administration to achieve savings on the delivery of municipal services, capitalize on revenue generation opportunities, and identify short and longer-term efficiencies, all while considering Citizen Priorities and Council Directives within an environment of economic restraint.

On 2019 November 29 (C2019-1052), Council directed that the SAVE program (then called the Strategy for Improving Service Value) to identify the strategies and tactics to reduce the responsibility of taxpayers for the remainder of the One Calgary cycle, including targeting: a reduction in operating budgets of \$24M in 2021 and \$50M in 2022 in order to deliver modern and affordable municipal lines of service within our City mandate; and new or improved revenue streams for The City. Preliminary results and actions were directed to be presented to the 2020 September 8 meeting of the Priorities and Finance Committee to inform November 2020 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".

### BACKGROUND

To help deliver the SAVE program, a Request for Proposal (RFP) for external consultants was put in market 2020 January 15 to February 13. This RFP aligned with NOM 2019-1011 and was

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circulated to Council prior to release. 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.

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 feed into the November plan and budget adjustments. All program work supports this primary process, which is the key to reaching SAVE’s financial targets and delivering wider program benefits such as embedding a ‘budget management’ mindset.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

As the foundation for this process, in 2020 Q2 the program conducted a wide-ranging analysis of City services and sub-services. This work builds upon Administration’s past work (C2019-0883) by innovatively assessing City services and sub-services according to different categories. It leverages EY’s extensive knowledge of leading practice in municipal service delivery to provide a robust, data-driven assessment of which City services are mandated and required by legislation and how City services compare to those in other municipalities. The Review focuses on sub-services that are defined as Non-Mandatory and found that most of these are provided consistently across the comparator municipalities. Where differences exist, most relate to service delivery methods and service levels. The Review identifies key ideas and opportunities related to these areas of difference. These ideas have been channeled into the SAVE program’s prioritization process.

The Core Service Review (Attachment 1, Confidential) is an important foundational analysis that generated specific ideas as to how the results of the SAVE program might be achieved. It is provided to Council as a value-added analysis for discussion and feedback. As a means rather than an end, however, this analysis is not an identified deliverable of the SAVE program and as such, work on it has not been widely communicated. Communication is instead focussed on the ideas arising from this work that were prioritized and are being pursued. Likewise, any changes arising from this work are not sought at this time. They will be presented to Council for decision as part of 2020 November budget deliberations, in accordance with Council’s direction regarding the SAVE program.

**Stakeholder Engagement, Research and Communication**

The SAVE program has reviewed more than 2500 ideas, including more than 1600 from our employee engagement portal. A summary “What We Heard” Report as well as compilations of verbatim employee submissions have been shared with City staff.

Externally, a series of “financial conversations with citizens” will occur from late July to early September and will cover various topics, including SAVE. Corporate Research will supplement this engagement with statistically representative surveys. The SAVE and engagement websites will also be updated as these activities progress.

Council engagement has occurred primarily through two channels: monthly updates to PFC and a standing offer for informal discussion with EY and/or the SAVE program team. As per

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Council's direction, the PFC update on 2020 September 8 will feature the preliminary results and actions of the program. Additional touchpoints with Council will be arranged as discussions evolve.

### **Strategic Alignment**

SAVE supports the City Manager's *Rethink to Thrive Strategy* and the goal of becoming a more modern and resilient municipality with a growing culture. In particular, SAVE helps to improve service value and reduce the cost of government by increasing service efficiency and effectiveness. The Core Service Review aligns with these goals by providing both specific ideas and key context for the SAVE program's work.

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

The SAVE program recognizes that its work may have broad impacts and is approaching its analysis with a wide perspective that incorporates social, environmental, and economic considerations. To help ground this work, the program has introduced SAVE to the Social Well-Being Advisory Committee and will continue engaging this Committee going forward.

### **Financial Capacity**

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

Attachment 1 (Confidential) provides high-level estimates for the sub-services linked to ideas and opportunities identified in the Review. Any actual financial impacts would depend on changes to these sub-services being approved via the primary SAVE process.

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

Capital budget impacts were not assessed as part of the Core Service Review.

### **Risk Assessment**

The Core Service Review is part of a broader SAVE process that balances aggressive timelines with complex analysis and finite resources. Additional analysis that does not directly feed into the primary SAVE process would put at risk achievement of the \$74 million savings, improved revenue and modernization targets directed by Council.

#### **REASON(S) FOR RECOMMENDATION(S):**

During SAVE's initial engagement with Council in 2020 April Council members suggested that it would be helpful to receive the findings of the Core Service Review for information and discussion. This report therefore presents that information ahead of the SAVE program report on preliminary results and actions in 2020 September to help address Council's questions on these topics and to provide key context for future discussions about SAVE and other budget-related issues.

### **ATTACHMENT(S)**

1. C2020-0862 Attachment 1 (Confidential) – Core Service Review