

**Chief Financial Officer's Report to
Priorities and Finance Committee
2021 July 20**

**ISC: UNRESTRICTED
PFC2021-0787
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**Solutions for Achieving Value and Excellence (SAVE) Program Update and
Results**

RECOMMENDATIONS:

That the Priorities and Finance Committee recommends that Council:

1. Consider approving the two business case summaries presented in Attachment 3 for implementation and inclusion in the 2022 Budget Adjustments in 2021 November;
2. Direct that this report be forwarded as Urgent Business to the 2021 July 26 Combined Meeting of Council; and
3. Direct that Attachment 3 remain confidential pursuant to Section 24(1)(a), (d) and (g) of the Freedom of Information and Protection of Privacy Act to be reviewed by 2026 July 20.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2021 JULY 20:

That Council:

1. File Administration Recommendation 1; and
2. Direct that Attachment 3 remain confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act* to be reviewed by 2026 July 20.

HIGHLIGHTS

- **Reason for recommendations:** This represents the final report with the final information and recommendations on the last waves (waves 2 and 3) business cases. The Executive Leadership Team (ELT) has approved twelve cases which are already proceeding to implementation. Two additional business cases present savings options that require decisions by Council.
- **What does this mean to Calgarians?** The savings presented in this report will help Administration work towards a potential 0% tax rate increase in 2022 and allow options to be presented to Council at the 2022 Budget Adjustments.
- **Why does it matter?** The two business cases provided for Council deliberation have combined savings of \$3.5 million in 2022. Although approval of these business cases is not needed for the program to achieve its financial targets, Council approval would potentially free up funding to allow for implementation contingency, to further reduce the tax rate or to fund required investments.
- The SAVE program's robust analysis has allowed The City to achieve savings in a more strategic manner and prevented the need for across-the-board cuts to the services that citizens value.
- The program has exceeded its financial target of \$75.2 million in savings for 2022 by identifying a total of \$84.8 million in reductions to tax-supported budgets (not

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including the two business cases pending Council decision). The program has also helped drive modernization and cultural growth throughout the organization.

- This completes the SAVE program's opportunity identification. No additional new SAVE business cases are being contemplated at this time as the organization works on implementation and focuses on other priorities. A recommendation for a path forward on Administration's broader approach to service review and improvement will be brought forward in 2022.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included in Attachment 1.

DISCUSSION

The SAVE target of \$75.2 million in base savings for 2022 has now been met and exceeded. In combination with incremental savings identified from projects approved in 2020, the SAVE Program has identified a total of \$84.8 million in reductions to tax-supported budgets, which exceeds the \$83.9 million required to achieve a potential zero per cent tax rate change in 2022. The program has reviewed over 2500 suggestions that have been submitted in a variety of ways and has chosen 34 initiatives to achieve the targets provided by Council. There has been no stone left unturned, other than the Calgary Police Services (who are conducting their own Service Review), and no areas of service were considered out of scope.

Attachment 2 shows the breakdown of savings by "wave" and provides summaries of the twelve Wave 2 and 3 business cases approved by the ELT in 2020 June. These business cases are based on a combination of the remaining ELT-approved opportunities from 2020 and an additional round of idea generation, opportunity analysis and business case development initiated in 2021.

Attachment 3 summarizes an additional two business cases, with combined savings of \$3.5 million in 2022, which have been referred by the ELT to the Priorities and Finance Committee for deliberation. These cases present additional options for savings that may be considered by Council to allow for implementation contingency, to further reduce the tax rate or to fund required investments. If approved, these savings would increase the total savings identified by SAVE to \$88.3 million in 2022, which exceeds the SAVE program target by \$13.1 million and the target required for a potential zero per cent tax rate change by \$4.4 million.

The business cases were developed in collaboration with implicated service owners and their teams, who prioritized support for this work despite significant capacity constraints across the organization. This spirit of collaboration has continued into implementation.

There have been significant non-financial benefits of SAVE, including improved cross-Corporate accountabilities, enhanced planning to improve predictability, improved employee engagement, and alignment with cultural changes initiated through the Rethink to Thrive strategy.

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SAVE's communication, engagement and change management activities in 2021 have included a month-long re-opening of its internal engagement portal, three sessions devoted to feedback from managers, regular bi-weekly updates to the ELT, and frequent use of various corporate channels to communicate with staff. There have also been touchpoints with Council and Council members.

In order to enable successful implementation and to allow the organization to turn its focus to other priorities, the SAVE Program will not be pursuing any further business case development and will focus on supporting its Implementation Coordination Office (ICO). The ICO will facilitate, track and report to the ELT on implementation progress and the realization of savings. It will also support the work required to bring related adjustments to the 2022 operating budget this November.

Administration will develop a future service review and improvement program which incorporates the learnings of the SAVE program as well as previous programs such as Zero-Based Reviews. A proposed path forward will be designed in conjunction with the next four-year planning and budgeting cycle and brought back in 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

Consistent with Wave 1 in 2020, public engagement on Wave 2 and 3 business cases was considered for those that are citizen-facing and conducive to meaningful public input. Based on discussions between the program team and the Engagement Resource Unit, as well as the feedback received during Wave 1, public engagement on Wave 2 and Wave 3 business cases was not pursued.

IMPLICATIONS

Social

The SAVE Program strives to find savings and make reductions with the "least harm" to citizens. Social considerations have been incorporated into business case analysis, and the twelve ELT-approved Wave 2 and 3 business cases have little to no impact on citizen-facing services. Refer to Attachment 3 for details on the two business cases being brought to Council for decision.

Environmental

Several business cases include elements that will reduce The City's environmental impact, including reductions to fuel consumption and carbon emissions. For example,

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the Manchester Shuttle Service business case will reduce CO₂ emissions resulting from shuttle bus operations by over 67%. Refer to Attachment 3 for details on the two business cases being brought to Council for decision.

Economic

The savings identified through the SAVE program contribute to The City's goal of working towards a potential zero per cent tax rate change for 2022, down from the previously approved 3.5% increase. This allows Calgarians to reduce the amount they pay for their municipal taxes. It also supports Calgary's competitiveness, fiscal sustainability, and long-term economic resilience. Refer to Attachment 3 for details on the two business cases being brought to Council for decision.

Service and Financial Implications

Cost savings

\$3.5 million

\$3.5 million in potential savings identified in the two business cases being brought to Council for decision in Attachment 3. In addition, there are twelve ELT-approved business cases that achieve \$3.6 million in base budget savings largely through optimization and efficiency initiatives, leveraging improved processes and technology.

RISK

Analysis of individual business cases' risks shows that in general, the risks of inaction are higher than the operational risks associated with undertaking these projects. However, there are some important implementation risks:

1. Organizational capacity, as other competing priorities are impacting Administration's ability to effectively support the program.
2. Timeliness, as any delays in implementation can impact the amount of savings realization in 2022.

The program has helped manage these risks by incorporating these considerations into its analysis and business case development. The Implementation Coordination Office also helps to manage these risks by providing support in areas such as change management and organizational engagement. Visible and sustained ELT and Council support of implementation will help to further manage these risks.

ATTACHMENTS

1. Background and Previous Council Direction
2. SAVE Program Update
3. Additional SAVE Business Cases for Consideration - Confidential

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Department Circulation

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| Carla Male | Chief Financial Officer | Approve |
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