



The ZBR program is one of the tools we are using to execute Council's five imperatives to Administration

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 that has its 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

Source: City Manager's Leadership Strategic Plan Presentation to Council September 15, 2014

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It is particularly relevant as we reach the final steps of the 'road map'

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|-------------|--|
| 2015 | Stage One: Organizational Stability
Step 1: Articulate the Leadership Philosophy and Approach
Step 2: Concentrate on Priorities
Step 3: Establish Goals
Step 4: Set Specific Objectives, Measures and Targets |
| 2016 | Stage Two: Organizational Effectiveness and Economy
Step 5: Align with Strategic Direction
Step 6: Clarify Accountability
Step 7: Enhance Organizational Development
Step 8: Enable Service Integration
Step 9: Build Organizational Flexibility
Step 10: Focus on Customer Needs and Citizen Engagement
Step 11: Balance Scope and Scale of Departments |
| 2017 | Stage Three: Organizational Efficiency
Step 12: Address Structural Efficiency
Step 13: Strive for Cost Efficiency |

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The Leadership Strategic Plan shows the program's contribution via the Integrated Performance System

1. Establish a cooperative and meaningful relationship with Council
 - Build a shared strategic agenda focused on Council imperatives and direction
 - Focus on results by establishing timely and meaningful reporting of accomplishments
 - Develop a corporate calendar aligned to the term of Council, and a new strategic agenda management process
 - Improve Council/Administration communications
2. Cohesive leadership culture and collaborative workforce
 - Engage and focus administrative leadership on the shared strategic agenda
 - Reinforce a leadership culture that champions a supportive and engaged workplace, and a progressive public service organization
 - Create more opportunities for leadership development and recognition
 - Maintain a supportive workplace, and promote an engaged workplace culture founded on:
 - our future for The City as a great place to work
 - a mission based on a well-defined public service mandate
 - the values of responsible and accountable public service
 - transparent government and sound management practices
 - a progressive partnership with all Unions
3. Better serve our citizens, communities, and customers
 - Implement a performance management system including:
 - performance measurement
 - **zero-based review and improvement**
 - service based business planning and budgeting
 - integrated risk management
 - individual performance evaluation
 - Provide a comprehensive strategy for citizen engagement and customer service delivery, including:
 - A philosophy of trust, communication, and participation
 - An overall "Citizen First" orientation for municipal public services to meet citizen needs
 - Establish a "One City" senior management mind set
4. Focus immediate and collective attention on planning and building a great city
 - Coordinate a Corporate approach to strategic planning and investment
 - Integrate all planning and development activities, including
 - All City master plans with a comprehensive Growth Management philosophy,
 - Alignment of municipal capital investment with strategic infrastructure requirements, in particular transportation and utilities
 - Work with all partners to build trust, and together address future growth related investment matters
5. Strengthen the Corporation's financial position
 - Update and implement The City's strategic financial plan that addresses immediate financial pressures, and meets longer term financial needs
 - Create an infrastructure investment strategy to fund essential infrastructure and close the current infrastructure gap, emphasizing return on municipal investment
 - Secure provincial commitment through City Charter negotiations and MGA review
 - Generate greater investment capital for infrastructure financing, and realign investment to current priorities
 - Rationalize City holdings by divesting of land
 - Redirect capital to align with The City's priorities

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Conditions have changed and the program must adapt in response

- The economic downturn has increased the pressure to deliver substantial efficiency improvements, fast.
- Service delivery costs are one area Administration is intentionally managing to keep the tax rate low.
- The ZBR program is well placed to help address this.
 - The final eight subjects in this cycle's ZBR program are internal-facing business units.
 - Internal BUs are key drivers of whole organization efficiency.
 - They are more powerful focal points for large efficiency gains at the whole-system level than their own (relatively small) budgets suggest.

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Proposals



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The ZBR program has so far met its goals and delivered significant benefits

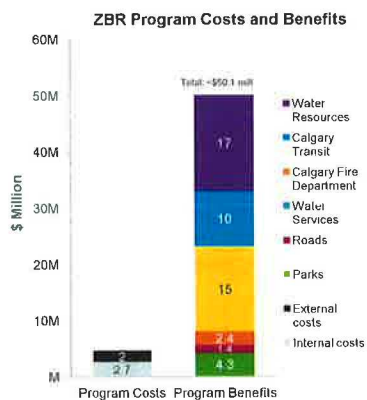
Highlights

\$50M in total financial gains – most of which are ongoing (annual savings).

\$11 savings per **\$1** spent.

64% of City services have been the subject of a ZBR: on track to meet the goal of 80% by 2020.

How well did we do it?



Is anyone better off?

- About \$50 million in annual financial gains, including capital cost avoidance of \$22 million annually and operating savings of \$28 million annually.
- Improved customer understanding to better align service delivery with the expectations of customers
- Clearer service standards, with results-based performance measurement, in order to improve service delivery.

How much did we do?



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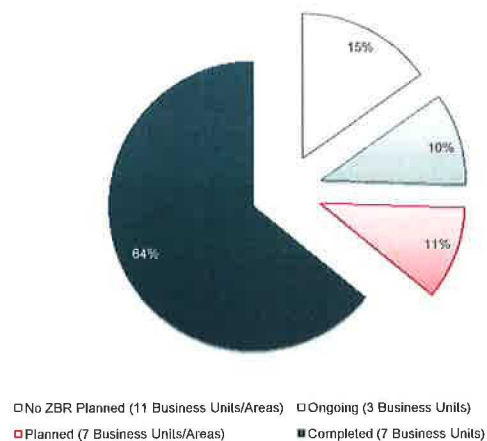
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The changing focus means changing the current approach for success

ZBRs Planned, Underway, or Completed as % of Total City Operating Budget



• ZBRs completed and ongoing have been primarily large, external facing services, covering **74%** of The City's gross operating budget.

• ZBRs planned are focused on smaller, internal-facing business units, whose budgets cover **11%** in total

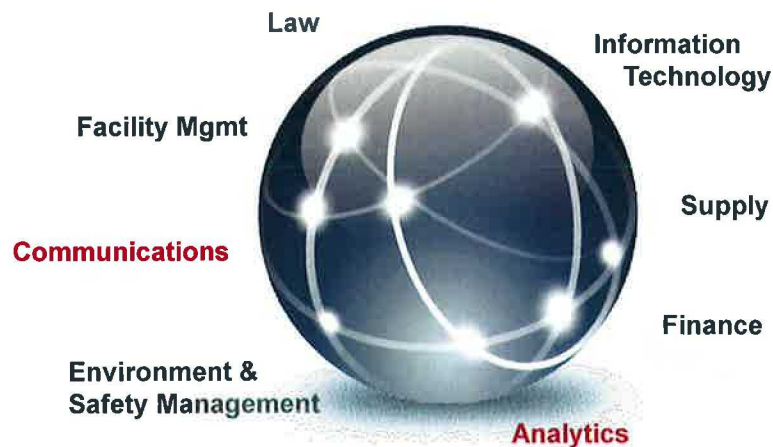
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The planned internal reviews are more closely integrated than before



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The current reporting arrangements do not adequately serve their purpose

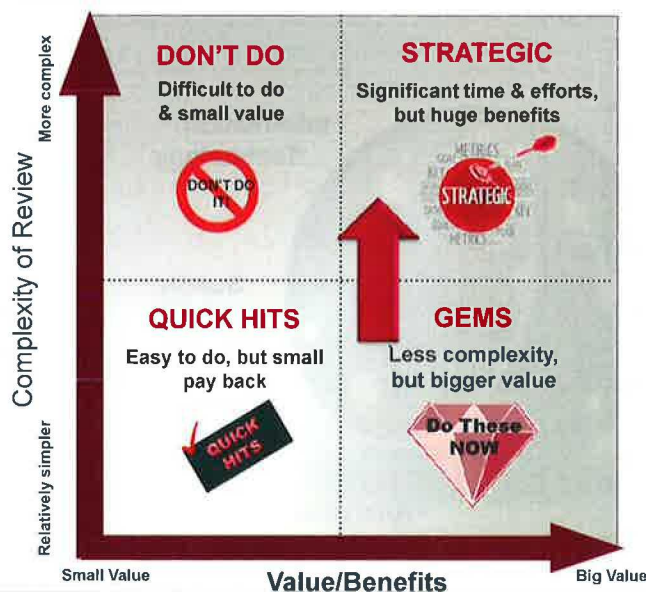
1. Current ZBR reports (lengthy and technical):
 - a. Require considerable resource to prepare for the public
 - i. Ineffective tool for communicating how The City is improving services.
 - ii. Divert resource from identifying and delivering improvements
 - b. Council asked approve all recommendations, even those within Administration's authority
 - i. Delays decision-making and implementation
 - ii. Draws Council's discussion into an unnecessary level of operational detail
 - c. Format and level of detail may lead to confusion between ZBRs and Audits
2. Follow-up reporting (implementation plans within one year of ZBR completion):
 - a. Does not allow Council to 'close the loop'
 - b. Focuses Council on process (implementation) rather than results
 - c. Timing not matched to achievement of actual results

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The ZBR program should focus on the cross-organization issues no one BU can tackle alone



- Continue searching for 'gems', but a greater focus on 'strategic' opportunities: the more challenging – but high value – opportunities that lie in the spaces *between* BUs.
- Improve the efficiency & effectiveness of the corporation, not just specific business units.

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A new mandate is proposed to maximize the program's results

A single, plain language statement that summarizes the key points in one place (where current mandate is spread over several reports)

- Change the focus of Council's direction to be results-based
- Give Administration greater flexibility over how the program is delivered
- Streamline reporting



①

Faster results

②

More nimble, and responsive to emergent opportunities

③

Better communication of improvements to Council and citizens

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The proposed mandate has 3 key features



Define results

1. Retain and refine current results
 1. Efficiency and Effectiveness
 2. Building organization capacity for service improvement
2. Improved performance measures support a results-based approach



Make Administration responsible for delivery

1. Make changes to topics and schedule as needed to deliver results
2. Implement changes that are within existing authority preserving Council's time for major changes



Streamline reporting

1. Tell the story of how we're improving value for Calgarians in a straightforward way
2. Full details remain available to Council members on request
3. Maintain report frequency (minimum 3 per year)
4. Increasingly based on themes and opportunities vs Business Units
5. Incorporate implementation progress and benefits realized to 'close the loop'

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Responses to previous Council direction

1. Topics for the 2 functional reviews: communications and analytics
2. Changes to ZBR topics and schedule:
 1. Facilities Management to replace Corporate Properties & Buildings;
 2. Finance and Supply to be conducted as separate reviews, with Supply brought forward to 2017; and
 3. Local Area Planning & Implementation (now Community Planning) to be reviewed in the next business cycle.
3. Results of contracting out following ZBR recommendations:
 - a. Contracting out is usually *considered* but not always *recommended*, or *accepted* by Administration.
 - b. A wide range of factors inform the decision, and a clear expectation of financial or other benefits is required for any change.
 - c. Of the 8 ZBRs completed to date, only Parks has implemented an approved recommendation for a net increase in contracting out (and is on track to achieve the full amount of projected cost savings).
 - d. The proposed changes to the ZBR program will facilitate more effective engagement with unions regarding future recommendations to contract out.

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Recommendations

That the PFC;

1. **Approve** the new program mandate and reporting approach (Attachment 2); and
2. **Receive for information:**
 - i. ZBR program status update (Attachment 1);
 - ii. Responses to Council's previous direction on ZBR topics and schedule (Attachment 3); and
 - iii. Response to Council's direction to report back on whether any savings have been achieved through contracting out in Zero-Based Reviews (Attachment 4).

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