ZBR Program Dashboard

PROGRAM PURPOSE

The Zero-Based Review (ZBR) program exists to:

- Increase the value Calgarians get from their tax dollars by improving the efficiency, effectiveness and sustainability of services; and
- Build the organization's capacity for continuous service improvement.

The ZBR program complements The City's other continuous improvement activities by adding a periodic, more thorough review of (a) **whether the right services are being provided**, and (b) whether they are provided **in the right way.**

It also helps to support internally-driven continuous improvement by developing skills, tools and other resources within the organization.

PROGRAM OBJECTIVES

The ZBR program is mandated to deliver:

- Substantial efficiency gains including cash savings, productivity gains and cost avoidance.
- Tangible improvements in service effectiveness including service outcomes, customer satisfaction, employee morale, safety and partner relationships.
- Increased ability to identify and deliver further efficiency and effectiveness improvements internally, on an ongoing basis.

DATA DEVELOPMENT LIST

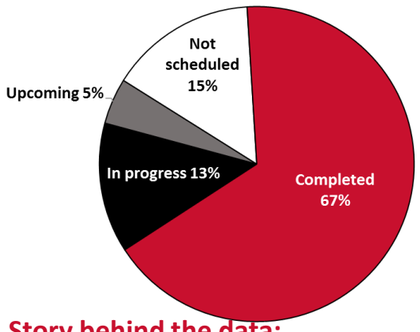
This report presents for the first time: tracking of results achieved and implementation progress for each ZBR recommendation (rather than just at the overall review level), as well as year-over-year forecasts of benefit realization.

Additional work is underway to improve tracking of service effectiveness gains and options for measuring the ZBR program objective of building capacity for service improvement within the organization.

With an eye to developing measures which can assess capacity building within Business Units as well as across the Corporation, staff involved in the implementation of past ZBRs have been engaged to identify key options and opportunities.

PROGRAM PERFORMANCE: HEADLINE MEASURES

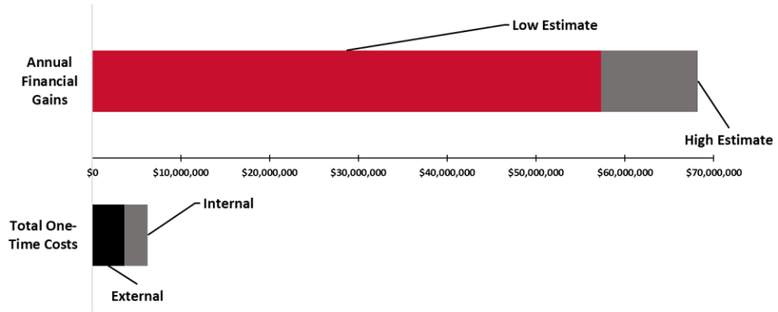
How much did we do?



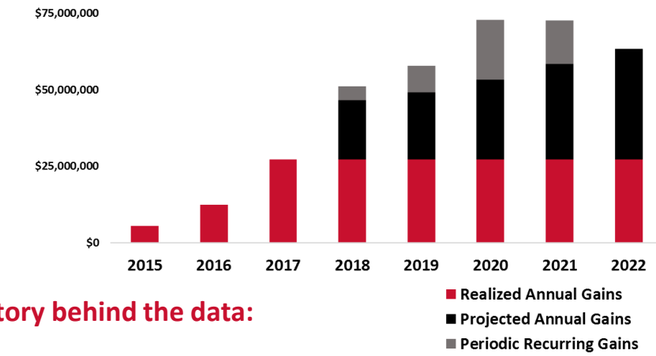
Proportion of City Services Reviewed through the ZBR Program

(measured by % of 2016 gross operating budget)

How well did we do it?



Is anyone better off?



Story behind the data:

- To date, ZBRs have been completed on 67% of City services, measured by the 2016 gross operating budget. The program is on track to meet the goal of reviewing 80% of City services (by gross operating budget) by 2020.
- Looking forward, the focus of the ZBR program in 2018 will continue to be on The City's internal services.
- These services have smaller budgets but are key drivers of whole organization efficiency. As such, the maximum value to be gained from these reviews lies not inside each business unit but in the business relationships and processes between them – and those they serve.
- Improvements in these areas will have far-reaching benefits across the corporation.
- The quantity of ZBR work completed in 2017 is less than originally forecast. ZBR completions were affected by both the workforce planning project and the hiring freeze. With the reinstatement of one position, the addition of another, and approval to begin hiring in January 2018, it is expected that program capacity will be restored partway through 2018.

Story behind the data:

- The total annual financial gains identified by the ZBR program to date are between $57 million (low estimate) and $68 million (high estimate) after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenue.
- Efficiency and effectiveness improvements go hand-in-hand. Beyond the financial gains, over half of the ZBR recommendations identify advances such as improved service outcomes, higher customer satisfaction and increased employee morale.
- The estimated cost of undertaking the eight completed ZBRs was around $7 million, including the pilot project with Fleet. This includes internal costs (staff time) and external costs (consulting contracts). This does not include costs associated with implementing the recommendations.
- Comparing costs and financial benefits, there have been about $10 in annual financial gains identified per one-time $1 spent on the program. All costs for the IT ZBR are included, while additional gains identified from this ZBR will not be added until 2018.
- The annual financial gains include annual gains plus the periodic recurring gains which are averaged over the implementation period.

Story behind the data:

- For the first time a forecast for financial gains from the first eight completed ZBR projects is presented. Financial benefits are more than budget savings – they also include cost avoidance, increased revenue, and improved productivity.
- This forecast shows that the majority of the annually recurring gains from the eight ZBR projects completed by 2016 will be realized by the end of 2018. As additional ZBR projects are completed, projections for future gains will increase accordingly.
- In addition to annual financial gains, which recur every year, a number of recommendations identify recurring cost avoidance or other gains which are realized at different frequencies. These are identified as periodic gains.
- Business Units that have completed ZBR projects in the past are now adapting their tracking to regularly report on and forecast financial gains. The degree of accuracy in predictions will improve with time as this becomes an upfront requirement for Business Units completing their ZBR projects.

ZBR Program Dashboard

ZBR PROJECT IMPLEMENTATION TRACKER

Business Unit	Reported to PFC	Current Status of Recommendations			Financial Benefits - Annual Gains		Annual Gains Realized To Date
		Total Recommendations	Number Being Implemented	Number Complete	Low Estimate	High Estimate	
Fleet (pilot project)	July 2012	8	0	8	-	-	**Implementation Complete**
Parks	July 2014	6	2	4	$4.3M	$4.3M	$2.4M
Roads	Oct 2014	5	1	4	$1.4M	$1.9M	$10.2M
Water Services	Mar 2015	5	5	0	$2.4M	$6.1M	$8.6M
Fire	Nov 2015	4	4	0	$14.1M	$15.1M	$5.0M
Calgary Transit	June 2016	7	5	2	$10.3M	$11.1M	$1.1M
Water Resources	Sept 2016	4	4	0	$17.0M	$20.5M	-
Calgary Building Services	Nov 2016	4	3	1	$3.2M	$4.6M	-
IT	Jan 2018 (1st report)	TBD	TBD	TBD	$4.6M*	$4.6M*	
ZBR Program Total	Jan 2018	**43**	**27**	**16**	**$57.3M**	**$68.2M**	**$27.3M**

* To date, 2 initial opportunities from the IT ZBR have been finalized. Further gains will be identified as more opportunities are developed.

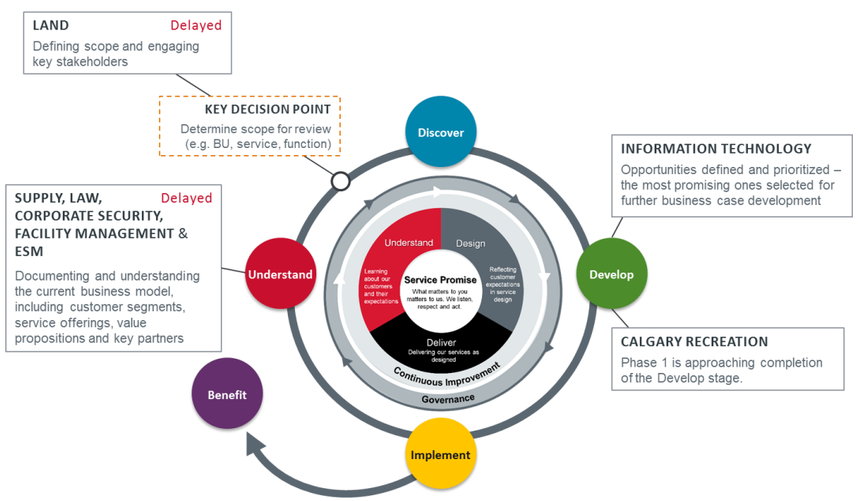
STATUS OF ZBRs PLANNED AND UNDERWAY

Resourcing the ZBR Program

Resourcing constraints have caused early-stage ZBRs to be delayed or placed on hold. Staff reductions, as well as the hiring freeze and hiring restrictions have prevented the ZBR team from advancing projects as scheduled.

The ZBR team was originally tasked with completing 2 ZBRs per year. A decision to increase this to 3 per year was made in 2014, and Council approved the addition of 1 FTE via Action Plan to support this accelerated timeline. However, this 'growth' position was removed in early 2017 through the Workforce Planning Project. In November 2017, Council approved the addition of 2 FTEs to the program - one of which will reinstate the lost position, and one net new position, which will initially help to clear the backlog and, in the long term, will accelerate the program modestly. Overall, these challenges have slowed the identification of improvement opportunities, and this will continue well into 2018, due to the time lag from recruiting and training new staff.

Mapping ZBRs to the continuous Improvement Process



KEY MILESTONES

The **Parks ZBR** is nearing full implementation. In conjunction with Recreation, Parks has developed a Playfield Strategic Plan which is an important step to implementing the last recommendation to increase playfield utilization and cost recovery. A more detailed progress update is included as attachment 3.

While implementation is still in progress, the **Roads ZBR** has already significantly exceeded the upper estimate identified by the ZBR review. All remaining financial gains are expected to be realized in 2018, with an additional $3.8 million anticipated.

The **Water Services ZBR** implementation is well underway. With the financial gains realized in 2017, Water Services has exceeded the gains originally estimated. Some small additional financial gains of around $0.3 million are expected in 2018.

The **Fire ZBR** implementation has so far resulted in $5.0 million in annual gains. Fire is currently developing a Training Academy Master Plan, with additional annual revenue of up to $200 thousand forecast starting in 2019.

The **Calgary Transit ZBR** implementation plan was completed in May 2017. Financial gains have begun to be realized in 2017, with additional benefits being realized in each year until 2021.

Three of the recommendations from the **Water Resources ZBR** are being implemented with the first financial gains being forecast for 2018. An implementation plan for the fourth recommendation is currently being developed and will be presented as part of the ZBR Program Update in Q2 2018.

The implementation plan for the recommendations made during the **Calgary Building Services ZBR** is included as attachment 4. Substantial progress has been made on all three recommendations with financial gains expected to begin in 2018.

A summary report on the **Recreation ZBR** is included as attachment 6. Phase 1 is now in its final stages, with a Peer Review planned for Q1 2018. The final report on phase 1, and a proposal for Phase 2, will be presented to Council in late Q2 2018.

The **IT ZBR** has completed business cases for two opportunities – Customer Journey Mapping and Right Devices – and is currently developing business cases on a number of other opportunities. An update is provided in Attachment 5.

The **Land ZBR** has emerged from an initial review of the Law business unit. This ZBR is in the early stages of the Understand phase and has been delayed due to resourcing constraints.

Next ZBR Program Report: Q1/Q2 2018