

## Report to Strategic Priorities and Policy Committee

**To:** Chair and Members  
Strategic Priorities and Policy Committee  
**From:** Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports  
**Subject:** 2021 Service Review Initiatives Update  
**Date:** October 19, 2021

### Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, with the concurrence of the City Manager, this report dated October 19, 2021 regarding the 2021 Service Review Initiatives Update **BE RECEIVED** for information.

### Executive Summary

The purpose of this report is to provide Committee and Council with an update on the activities of the Service Review program for 2020 and 2021 and the status of the current initiatives that are being undertaken by the City using tools that have now been embedded as part of our service delivery and strategic objectives to support continued efficiency and effectiveness.

### Linkage to the Corporate Strategic Plan

Council's 2019 to 2023 Strategic Plan for the City of London identifies "Leading in Public Service" as a strategic area of focus. The City of London's service review program is aimed at increasing the efficiency and effectiveness of service delivery through targeted service reviews to ensure Londoners experience exceptional and valued customer service.

### Analysis

#### 1.0 Background Information

##### 1.1 Previous Reports Related to this Matter

Strategic Priorities and Policy Committee, September 30, 2019, Agenda item 2.1, Service Review Initiatives 2019 Update: <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=67386>

#### 2.0 Discussion and Considerations

##### 2.1 Background

As part of Civic Administration's ongoing commitment to enhance the efficiency and effectiveness of City of London services, various tools are being used through the City's Service Review program. These include:

- Zero-Based Budgeting
- Programs Reviews
- Organizational Reviews
- Deep Dive Service Reviews
- Asset Reviews
- Internal Audit
- Continuous Improvement Initiatives

Appendix 'A' provides a detailed description of each of the Service Review tools.

While the objective of the Service Review program is to enhance the efficiency and effectiveness of the City's operations – not necessarily to identify cost savings – some reviews may result in budget reduction opportunities (e.g. Zero-Based Reviews).

The sections below provide a summary of the initiatives undertaken in 2020 and 2021 to advance the Service Review program for the City of London.

## **2.2 Zero-Based Budgeting**

Civic Administration remains committed to ensuring that approved budgets align with the required resources to deliver current programs and services. In developing the 2020-2023 Multi-Year Budget, a total of more than \$17 million of incremental reductions were incorporated in the approved budget by 2023 based on an analysis of past spending, while balancing the City's ability to maintain services that Londoners rely on. As part of the 2021 Annual Budget Update process, a number of budget amendments were also presented and approved by Council based on right-sizing of budget resources to anticipated needs for 2021. The 2021 budget amendments included:

- Amendment #4: Children's Services – Reduction in Required Investment in 2021 Due to Impacts of COVID-19 (\$1.6 million)
- Amendment #5: Middlesex-London Health Unit – Increased Funding by the Ministry of Health in 2021 (\$0.6 million)
- Amendment #6: Ontario Works – Reduction in Investment in 2021 in Connection with the Impacts of the COVID-19 Pandemic (\$0.4 million)
- Amendment #7: Corporate Services – Administrative Recoveries from Water, Wastewater and Treatment and Joint Water Boards (\$0.4 million)
- Amendment #8: Other Related Financing – Reduction to Corporate Contingency Budget (\$0.5 million)
- Amendment #10: Revised Implementation – 60% Waste Diversion Action Plan (\$2.3 million)

While many of these amendments were one-time in nature and related to impacts resulting from the COVID-19 pandemic, they illustrate Civic Administration's commitment to ensuring alignment of budgetary resources to planned spending.

In preparation for the 2022 Annual Update to the Multi-Year Budget, Civic Administration undertook an extensive analysis of potential opportunities for reductions using zero-based review techniques. These reviews yielded a number of potential reductions, which will be included as a budget amendment in the 2022 Annual Budget Update to be tabled at the Strategic Priorities and Policy Committee on November 9, 2021. Although the COVID-19 pandemic continues to create uncertainty impacting service delivery, a number of strategies continue to be employed to monitor financial impacts and mitigate lost revenues and additional costs on the City's budget.

## **2.3 Program Reviews**

An integral component of the City's Service Review initiative is program reviews, which involve the analysis of existing programs or services delivered by the City to assess the effectiveness, efficiency, financial sustainability and/or alignment with the Corporation's Strategic Plan.

Similar to the Zero-based Reviews noted above, in preparation for the 2022 Annual Budget Update, a number of programs and services were reviewed by Civic Administration for potential opportunities to mitigate the planned 2022 tax levy increase. The reviews with potential savings will be included as budget amendments for Council's consideration in the 2022 Annual Budget Update.

## **2.4 Organizational Reviews**

Since the global COVID-19 pandemic that was declared by the World Health Organization on March 11, 2020, the City, similar to other municipal organizations, has had to adapt and work differently to achieve the strategic priorities and directions that

have been established by Council. In the latter half of 2020, Civic Administration engaged in an exercise to review the organizational structure for the City of London.

In February 2021, Civic Administration put forward recommendations for a new organizational structure for consideration by Council. Following Council's approval, Civic Administration has worked diligently across the organization to implement the recommended changes to the City's service areas, service area leads, and subsequent changes to individual teams within each of the service areas. Ultimately, the changes to the organizational structure that are being implemented build on the lessons learned through COVID-19 that demonstrate the value of an enterprise-wide approach to our work to better deliver services for the residents of London.

## **2.5 Deep Dive Service Reviews**

On November 17, 2020, the Province of Ontario announced a second intake of the Audit and Accountability Fund (AAF) that the City previously accessed to provide funding for its review of Housing Services. Similar to the previous round of funding, the second intake of the AAF was made available to urban municipalities to undertake third party reviews with the goal of finding service delivery efficiencies, while protecting and modernizing front-line services.

On March 9, 2021, the Strategic Priorities and Policy Committee received a report to provide an update on the AAF and the status of the two applications that were submitted in December 2020 as part of the second intake process:

- City of London Parking Services Service Integration and Digital Modernization Review
- City of London Procurement Process Assessment Review

Civic Administration will bring back final reports to the appropriate standing committees with the findings and recommendations from the service reviews as they are completed.

## **2.6 Asset Reviews**

From 2016 to 2018 Civic Administration completed reviews of the City's assets, including assets identified as Class A (vacant land and buildings) and Class C (major venues, non-core services and assets). Realty Services continues to actively manage the City's surplus property portfolio and identifies lands to be declared surplus as candidates become available for Council's consideration. As lands become available and are deemed surplus in accordance with the Sale and Other Disposition of Lands Policy, the City will continue to assess if they are appropriate for affordable housing to assist in achieving Council's priority of increasing the supply of affordable housing in the London community.

Additionally, as approved through the 2020-2023 Multi-Year Budget (Business Case #16), the T-Block building was deemed surplus to the needs of the City as the building was not currently used by the City to accommodate staff, or deliver programs and services, and had a very high lifecycle renewal cost associated with it. Recently, the City has moved forward with the next steps related to the disposition and sale of the T-Block building and has initiated a property liaison with City Service Areas, Agencies, Boards, and Commissions to determine if there are other uses for the property.

## **2.7 Internal Audit**

On June 16, 2020, the Audit Committee was provided with an update from Deloitte on the status of the internal audit plan and a revised internal audit plan for 2021 was approved. Regular internal audit updates are provided by Deloitte at each Audit Committee meeting and the internal audit plan was further revised in February 2021 and June 2021 based on risks identified and through discussions with Civic Administration. As internal audits are completed based on the approved internal audit plan, the reports

are brought forward to the Audit Committee. Over the next few months Civic Administration will continue to support Deloitte in the completion of identified internal audits and fieldwork that is necessary to be undertaken as part of the internal audit activities.

Between September and December 2021, Deloitte anticipates the following activities:

- Issue the SaaS Application review report,
- Traffic Management Process Review fieldwork and draft report,
- Recruitment Process Review fieldwork and draft report, and
- Fleet Inventory Review fieldwork and draft report

The contract term for internal audit services will end on December 31, 2021, and as a result an RFP for internal audit services was initiated and is scheduled to be completed by November.

## 2.8 Continuous Improvement Initiatives

The main areas of focus and goals of the Continuous Improvement Road Map are:

- **People:** We will enable our people with knowledge, tools, and resources to build and support a culture of continuous improvement.
- **Processes:** We will challenge processes, continually adding value from end to end while delivering better results.
- **Customers:** We will work in partnership and collaboration with our internal and external customers to achieve excellence in service delivery.

The Continuous Improvement initiative has yielded the following results to date:

### **People:** Building Capacity

- 404 employees have completed White Belt training
- 33 leaders have Green Belt certification
- 4 leaders have been certified as Black Belts
- We have encouraged the adoption of lean practices to improve service delivery across the Corporation, with a focus on implementing visual management, team huddles, and leader standard work

### **Processes:** Improving Service Delivery

- 441 organizational improvements have been completed:
  - 363 Continuous Improvement tickets
  - 23 Yellow Belt improvements
  - 33 Green Belt improvements
  - 22 Rapid Improvements
- The Continuous Improvement team takes an 'I Do, We Do, You Do' approach while building a community of problem solvers. Process improvement support in 2021 includes the following initiatives:
  - Supporting Planning and Economic Development and their external partners – the London development community – to better understand processes and efficiently and effectively deliver service. These efforts have focused primarily on the areas of site plan and subdivision.
  - The Continuous Improvement team also supported the work of creating and sustaining a COVID-19 rapid testing process at the Dearness Home to promote resident safety in alignment with provincial directives and the advice of public health.
  - Building capacity within Services Areas by introducing leader standard work, team huddles, visual management, and meaningful metrics.

## **Customers: Partnerships and Collaboration**

- Continue to collaborate with the development industry for efficient and effective ways to improve our application process.
- Facilitated a strategic framework development session with the London Catholic District School Board to establish purpose, direction, and growth of their continuous improvement program.
- Completed 22 workshops with 145 participants aligned with Service Area improvements. Participants include internal and external customers.
- Established the Ontario Lean Community of Practice with neighboring municipalities. This Community of Practice has grown to include 15 municipalities with an interest in sharing and leveraging each other's standard best practices.

Moving forward, to build upon the continuous improvement approach that has been established at the City of London, the Continuous Improvement team will focus on additional tools and techniques such as innovation, project management, and business analysis to deliver efficient and effective services.

## **Conclusion**

This report has identified the many initiatives that have recently been undertaken as part of the Service Program at the City of London. Going forward, Civic Administration will continue to use the Service Review toolkit as part of the City's ongoing commitment to deliver efficient and effective services to the London community.

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**Concurred by:** Lynne Livingstone, City Manager  
**Recommended by:** Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

## Appendix A – Service Review Tools

Service Review Tool	Description	Purpose
Internal Audit	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. <sup>1</sup>	<p>Assist the Administration, Audit Committee and Council in fulfilling their oversight responsibilities.</p> <p>Provide independent, objective audit and advisory services designed to add value and improve the effectiveness of the City's control, compliance and governance processes.</p>
Zero-based Budgeting	Zero-based Budgeting (or Zero-based Reviews) refers to the methodology of building a budget "from the ground up" to achieve the level of service planned. Zero-based Reviews are scalable and may be conducted at the service, business unit or object account level.	<p>Identification of the necessary resources to deliver the unit's objectives/outcomes asking the following questions:</p> <ul style="list-style-type: none"> <li>• Is the program/service effective? – Are we doing the right thing? Is the service achieving the objectives desired by Council or the Administration?</li> <li>• If effective, is the program/service efficient? – Are we doing things in the right way? Could this program be delivered in a way that is less costly, but achieves the same goals?</li> </ul> <p>Avoids an "incremental increase" budget approach.</p> <p>Identify opportunities to reallocate budget to higher priority corporate initiatives.</p>
Program Reviews	Program Reviews refers to the detailed analysis of existing programs or services provided and/or delivered by the Corporation.	<p>Determine the alignment of the program being reviewed with the Corporation's Strategic Plan.</p> <p>Assess the effectiveness and efficiency of the program in achieving the stated goals and associated key performance metrics of that program. Consider the financial sustainability of the program.</p>

<sup>1</sup> As defined by the Institute of Internal Auditors.

Service Review Tool	Description	Purpose
Organizational Reviews	Organizational reviews help ensure Service Area organizational structures are designed to be able to deliver on Council's Strategic Plan, leverage best practices, enhance collaboration and eliminate duplication within and across Service Areas with the goal to create effective and efficient organizational structures that provide optimum service delivery and flexibility for future growth and increased work demands.	<p>Reform and refine our structure to ensure it aligns and supports Council's Strategic Plan.</p> <p>Instil clarity of focus and accountability by clearly defining roles and responsibilities.</p> <p>Eliminate duplication and confusion in service delivery including examining forms of alternate service delivery.</p> <p>Promote efficiencies and effectiveness by bringing activities that require co-ordination together under one Division and one Service Area with clear boundaries and defined processes.</p> <p>Ensure both internal and external models for delivering services are aligned and mutually supportive with clearly defined roles.</p>
Asset Reviews	Assessment of City of London physical assets to determine the future of the assets and whether any candidates for disposal/sale emerge for Council consideration.	<p>Maintain a Council policy to inform the allocation of proceeds from the sale of a major asset</p> <p>Establish a timeline for future reviews of City-owned assets.</p>
Deep Dive Service Reviews	Deep Dive Reviews will examine service delivery models and levels of service in a comprehensive manner.	<p>To assess:</p> <ul style="list-style-type: none"> <li>• Levels of service and possible service level adjustments</li> <li>• Alternative service delivery opportunities</li> <li>• Potential service reductions or eliminations</li> </ul>
Continuous Improvement Initiatives	<p>Continuous improvement and respect for people are the two pillars of Lean success. In order to continually deliver over 100 services efficiently and effectively, the City will look to challenge current state processes and provide the highest value of service to our customers.</p> <p>Continuous Improvement is based on a team structure where people from Service Areas work collaboratively to improve the way they identify and eliminate non-value add to the customer, streamline processes, and ultimately improve the value for the end user.</p>	<p>Continuous Improvement aligns with Council's 2019-2023 Strategic Plan vision, mission, and values, as well as the strategic area of focus 'Leading in Public Service' and the outcome 'Londoners experience exceptional and valued customer service' and the expected result 'Increase efficiency and effectiveness of service delivery.'</p> <p>With a focus on continually adding value to our customers, as well as engaging and empowering our employees, the City of London will be able to develop a culture of continuous improvement that enables us to achieve the vision of A leader in commerce, culture, and innovation – our region's connection to the World.</p>