

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: 2022 Service Review Initiatives Update
Date: October 11, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports with the concurrence of the City Manager, the following report **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 2022 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, October 19, 2021, Agenda item 2.2, Service Review Initiatives 2021 Update: <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=86065>

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" continue to be utilized through the City's Service Review program. These tools include:

- Zero-Based Budgeting (ZBB)
- 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 (including improving customer service) – 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 2022 to advance the Service Review program for the City of London.

2.2 Zero-Based Budgeting (ZBB)

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. Furthermore, as part of the 2021 and 2022 Annual Budget Update processes, multiple budget amendments were also presented and approved by Council based on right-sizing of budget resources to anticipated needs for those respective years. The 2021 budget amendments included reductions totaling approximately \$5.8 million. For the 2022 Budget Update, Budget Amendments #P-1 and #P-5 included the budget right-sizing opportunities identified (approximately 20 in total from across the Corporation), which totaled approximately \$5.5 million for 2022 and approximately \$2.3 million of permanent savings thereafter.

In preparation for the 2023 Annual Budget Update, Civic Administration conducted a similar review for potential reduction opportunities using zero-based review techniques. The reviews yielding proposed budget reductions will be included as a budget amendment in the 2023 Annual Budget Update to be tabled at the Strategic Priorities and Policy Committee on December 6, 2022.

2.3 Program Reviews

An important component of the City's Service Review initiative (and often closely related to Zero-Based Budgeting Reviews) is program reviews, which involve the analysis of existing programs or services delivered by the City to assess effectiveness, efficiency, financial sustainability and/or alignment with the Corporation's Strategic Plan.

As part of the development of the 2022 Annual Budget Update, several programs and services were reviewed by the Senior Leadership Team for potential opportunities to mitigate the planned 2022 tax levy increase. These resulting savings were identified in the following budget amendments approved by Council during the budget process:

- Budget Amendment #P-4 – Private Parking Enforcement Program Fee (\$0.1 million)
- Budget Amendment #P-6 – Reductions to Previously Approved Additional Investments: Part A) Infrastructure Gap & Part B) Community Improvement Plan Building Projects (\$0.65 million in total)
- Budget Amendment #P-7 – Part C) Reduction to Athletic Travel Grants (\$0.1 million)
- Budget Amendment #P-8 – Part A) Parks and Roadside Naturalization & Part B) Reduced Tree Trimming (\$0.25 million in total)

Consistent with the process utilized for the 2022 Budget Update, in preparation for the 2023 Annual Budget Update, further program reviews were conducted. The reviews with potential savings will be included as budget amendments for Council's consideration in the 2023 Annual Budget Update.

2.4 Organizational Reviews

Starting 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 a set of recommendations 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. Most of the work associated with implementing the changes was completed in 2021, as reported in last year's Service Review Initiatives Update report. In 2022, the focus has been on stabilizing the changes implemented, as well as completing the minor outstanding administrative changes required to reflect the new organizational structure in the Corporation's systems and processes.

2.5 "Deep Dive" Service Reviews

On May 21, 2019, the Province of Ontario announced the creation of the "Audit and Accountability Fund." As previously reported, the City received approximately \$307,000 of funding to undertake reviews submitted through Intakes 1 and 2.

On August 16, 2021, Intake 3 of the "Audit and Accountability Fund" was announced by the Province. Prior to the deadline at the end of October 2021, the City submitted an application for a project entitled *Site Plan Resubmission Process Review*. On January 24, 2022, the Province approved this application for funding up to \$305,280.

Civic Administration will continue to bring back final reports to the appropriate standing committees with the findings and recommendations from these 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 assess the City's vacant land portfolio and identifies lands to be declared surplus as candidates become available for Council's consideration. It should be noted that a majority of the existing vacant land holdings are either constrained, are remnant non-developable parcels providing little to no utility from a land use perspective or are held for future City project requirements. As lands are identified to 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. Since 2020, Council approved the sale of 10 surplus parcels.

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. No other municipal uses have been identified and Realty will initiate a Request for Proposal (RFP) for Broker Services to market and sell the T-Block building.

2.7 Internal Audit

At the February 9, 2022 meeting, the Audit Committee was introduced to representatives from MNP, the successful proponent of the internal audit request for proposals (RFP) process conducted in 2021. 2022 has represented a transition year for the internal audit function, with the previous contracted internal auditors (Deloitte) completing their outstanding audit work while the responsibility for this function was transitioned to MNP. A preliminary internal audit plan was presented by MNP at the April 13, 2022 Audit Committee meeting, noting that a revised plan was tabled at the June 15, 2022 meeting based on feedback received. As has been the past practice, regular internal audit "dashboard" updates are provided by MNP at each Audit Committee meeting, including a summary of the status of follow-up on previous action items identified. As internal audits are completed based on the approved internal audit

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

2.8 Continuous Improvement Initiative

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

1. 470 Employees have completed White Belt training.
2. 33 Leaders have Green Belt certification.
3. 4 Leaders have been certified as Black Belts.
4. We continue to encourage and support an increased adoption of lean practices to improve service delivery across the Corporation, with a focus on implementing visual management, team huddles, and leader standard work.
5. An in-house Green Belt program has been developed, with 6 new certifications in progress.

Processes: Improving Service Delivery

1. 574 organizational improvements have been completed:
 - 486 Continuous Improvement tickets
 - 55 Yellow Belt improvements
 - 33 Green Belt improvements
2. The team continues to support Planning and Economic Development and their external partners to better understand processes and efficiently and effectively deliver service. These efforts have focused primarily on the areas of site plan and subdivision.
3. In collaboration with Dearness Home, the Continuous Improvement team facilitated improvements including visual management across each resident area, standard shift reports for Nursing and implemented an infection, prevention, and control audit to decrease the transmission of COVID-19.
4. The team has played a significant role in helping the Clerk's office prepare for the 2022 Municipal Election. Numerous workshops and simulations have been facilitated to assist the Election team with improvements to the poll station layouts, the supply pickup process and tabulator drop offs in an effort to improve the voter experience.

Customers: Partnerships and Collaboration

1. Completed 32 workshops with 215 participants aligned with Service Area improvements.
2. We continue to leverage the Ontario Lean Community of Practice with neighboring municipalities. This Community of Practice has grown to include 15 municipalities with an interest in sharing standard practices.
3. Over thirty interviews with the Development Industry and internal stakeholders were facilitated in collaboration with Planning and Economic Development to better understand opportunities for improvement within the development approval process.

Building upon the continuous improvement approach that has been established at the City of London, the Continuous Improvement team has begun building additional tools and techniques within the areas of innovation, project management, and data literacy to continue to support employees and teams to deliver efficient and effective services.

2.9 Future Reporting

With the service review program now embedded as part of our service delivery and strategic objectives to support continued efficiency and effectiveness, future reporting of service review initiatives will be addressed through a variety of different channels rather than a singular annual report. These reporting channels will include:

- Business cases or budget amendments in the Multi-Year Budget or Annual Budget Update process, respectively, for zero-based reviews and other service review initiatives with budgetary impacts;
- Through currently established reporting mechanisms in the Strategic Plan process (e.g. Semi-Annual Progress Report, Annual Performance Report, etc.); and,
- Separate reports to the appropriate Standing Committee and Council as warranted for significant service reviews completed.

Conclusion

This report has identified the many initiatives that have continued to be 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. Ongoing service review initiatives will continue to be reported to Council through regular reporting established through the Strategic Plan process as well as the Multi-Year Budget or Annual Budget Update.

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

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. ¹ | <p>Assist Civic 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">• Is the program/service effective? – Are we doing the right thing? Is the service achieving the objectives desired by Council or the Administration?• 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? <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> |

¹ 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" 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"> • Levels of service and possible service level adjustments • Alternative service delivery opportunities • Potential service reductions or eliminations |
| 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> |