

## **Program Review Status Update**

<b>Date:</b>	April 21, 2008
<b>To:</b>	Executive Committee
<b>From:</b>	Shirley Hoy, City Manager Richard Butts, Deputy City Manager Sue Corke, Deputy City Manager Joseph P. Pennachetti, Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

The purpose of this report is to provide an update on the City's ongoing program review initiative.

#### **Financial Impact**

Creation of the Innovation Reserve Fund (IRF) to fund program reviews was approved by City Council in June, 2006 as part of the Program Review Framework with an initial contribution of \$2.5 million. The IRF has provided funding of \$0.526 million in 2006 and 2007 for external expertise. 2008 expenditures for reviews already started are projected to be \$0.467 million. Any future financial impact resulting from individual reviews will be reported through the budget process or through reports on individual projects as required.

#### **Equity Statement**

Reviews of City services using the Program Review Framework will help to ensure that the City operates programs and provides services efficiently and effectively and that its programs and services meet the needs of City residents, including equity seeking groups. Project teams have committed to reporting on the equity impacts for all projects as part of the pilot for using the Equity Lens.

### **DECISION HISTORY**

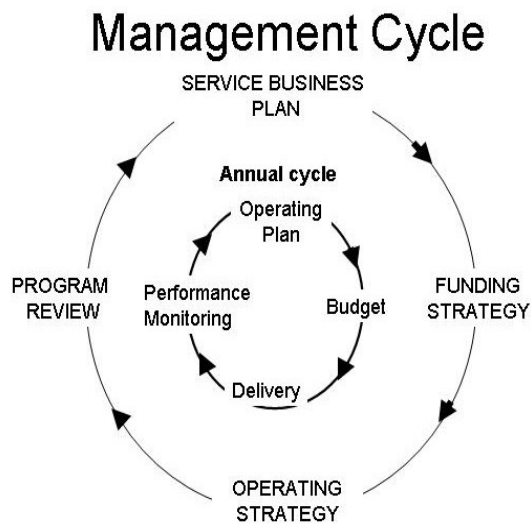
At its meeting held on June 27, 28 and 29, 2006, City Council approved a framework for the review of all major City programs over a five-year period. The program review framework was designed to complement existing management controls and accountability systems and to ensure City programs continue to be relevant, meet community needs and are delivered effectively and efficiently. The report also approved

creation of a reserve to fund reviews and directed that staff report periodically on the progress of program reviews and programs proposed to be reviewed in future years.

## ISSUE BACKGROUND

The City's normal management cycle includes the process of continuous improvement that is intended to update and enhance the organization and its delivery processes as an integral part of managing services directed by Council. The Program Review Process goes beyond the routine management cycle and involves examining City programs from

first principles of why the City delivers the service and the City's role in service delivery.



The City has committed to reviewing all major programs in a comprehensive way in a five-year cycle.

The review process is intended to help provide staff and Council with the analysis needed to make choices and decisions about service priorities.

## COMMENTS

### A. Completed Program Reviews

The first group of programs identified for review and organizational restructuring included:

- Children's Services
- Court Services
- Human Resources
- Strategic Communications
- Social Development, Finance and Administration
- Community Partnership and Investment Program
- Economic Development, Culture and Tourism
- Parks, Forestry and Recreation
- Information and Technology
- Toronto Animal Services
- Fire Services and Emergency Medical Services
- Transportation Services
- Social Services

### **A.1 Children's Services**

Children's Services underwent an organizational review to review and assess the effectiveness of the Division's then current structure, and propose an organizational model that would support local planning and delivery, improve integrated service teams, respond to changing funding priorities and increase efficiency through centralized support and improved business processes.

The Division moved to a district operating structure to better meet the needs of families and local child care communities. The new structure combined client services with the management of contracted child care operations and increased accountability and efficiency. The reorganization allowed the Division to increase the total number of staff positions within the existing funding envelope, primarily through the deletion of senior positions.

The reorganization has allowed the Division to realize its mandate through a period of significant service growth while maintaining a zero percent increase in its net budget. Since 2005, the division has taken on an additional 65 new programs, added an additional 2000 new fee subsidy spaces, and increased its gross budget by \$59.7 million, all at no additional net cost to the City. Managing this significant service expansion would not have been possible without the operational efficiencies identified through the organizational review.

### **A.2 Court Services**

The Court Services Division was created in 2002 following the transfer of a range of responsibilities under the Provincial Offences Act from the Province. The division underwent an administrative restructuring in January 2005 to both position itself for future growth and ensure legislatively mandated services are delivered effectively and efficiently. The restructuring consolidated the activities of three court locations in the east and west ends service areas of the city into two new court locations, and reviewed service delivery in the South service area. Service consolidation in the south area is now underway and will result in a single downtown location.

Changes in the division's reporting structure have ensured that the resources at each court location are effectively deployed and can respond to shifting priorities. The restructuring has allowed the division to manage a 20% caseload increase since 2005, provided the public and staff with increased access to managers, created access to additional services at each location, and allowed the division to meet the public's increasing expectations of service quality levels. These significant service improvements have been achieved without an increase in staff complement and within a zero percent budget increase.

### **A.3 Human Resources**

The objective of the program review was to define a new organizational structure that would provide the City with a more progressive HR Division able to address the City's workforce succession challenges; clearly define its roles and responsibilities for core HR functions in support of City operations and programs; and meet current and emerging service priorities and needs. The review was conducted from March to September 2006

with an implementation date of February 2007. The new organization structure facilitates a greater degree of HR program service consistency across the City and compliance between HR policy and service delivery. It also provides the Human Resources Division with the maximum degree of operational flexibility to meet changing program needs, work volume fluctuations and the strategic planning needs of divisions.

#### **A.4 Strategic Communications**

As part of the review of the City's administrative structure undertaken in 2004, the City Manager was directed by City Council to conduct a review of the City's strategic communications capacity. The review was conducted by outside communications consultants, GPC Public Affairs. The final report of the review was issued in February 2006.

The report concluded that the City required a stronger strategic communications capacity to ensure that residents and businesses were aware of emerging issues, City programs and services and were well advised about opportunities to participate in civic affairs.

The report recommended that the former Corporate Communications Division be disbanded and that a new Strategic Communications Division be created. The functions of the former Division that involved design, web and call centre operations were split away and the new Division was formed to focus on communications planning and research, issues management, media relations and advertising. The new Division was created in June 2006.

#### **A.5 Social Development, Finance and Administration**

The Social Development, Finance & Administration Division (SDFa) initiated an organizational review following the adoption of Corporate Administrative Re-structuring in 2005. With this restructuring, the former Administrative & Support Services Division and the Social Development and Administration Division were merged into SDFa. The organizational review focused on clarifying and consolidating the financial and administrative functions of the new division, and then clarifying the roles, responsibilities and accountabilities for service delivery, internal control, compliance and oversight related to those functions.

As an outcome of the review, 71.5 FTEs were transferred from SDFa to Parks Forestry & Recreation and Economic Development Culture & Tourism; an additional three staffing resources were transferred to Toronto Social Services. In addition, the Corporate Review of Design, Web, Photo, Video and Pre-press Services has resulted in the transfer of six positions to City Clerks and Corporate I&T. The ongoing IT Transformation initiative may result in further re-alignment of positions. These out-of-division transfers have better aligned divisional and corporate resources to support enhanced service delivery, and have had no net impact on the City's budget. Additional position restructuring within the division has been accomplished through the deletion of existing positions, and has also been accommodated within existing budgets.

The organizational review has produced significant efficiencies that have allowed the division to meet Council-approved 3 year operating budget target increases of 2%, 0% and 0%, and are equivalent to a net budget reduction of \$1.3 million (7.6% of the Division's net operating budget) and a reduction of 2 management positions. These efficiencies and reduction targets have been achieved in spite of increased service demands in financial, administrative, community development, social policy development and horizontal coordination activities.

#### **A.6 Community Partnership and Investment Program**

In 2005, City Council adopted the Community Partnership and Investment Program (CPIP) Program Standards and Performance Measures. These standards identify best practices to guide the delivery of CPIP programs and are designed to address common issues that are inherent in the administration of funding programs across all City divisions, including issues of outreach, risk management, communications, grant monitoring, and staff workload. The standards also establish performance measures by which programs will be reviewed, assessed and improved.

All CPIP funding programs were reviewed against the program standards in 2005 in the six key processes of funding programs: priority setting, outreach, application, allocation, administration and evaluation. The review established where each CPIP funding program met the program standards, and outlined any remaining work required to bring all programs up to standards. Each funding program also provided initial statistics to establish a benchmark for performance measurement in future years.

The consolidation of the program standards information resulted in a number of improvements in overall CPIP program delivery, including: standardized reporting formats to increase transparency for Council and the public; the establishment of an appeals sub-committee to simplify the appeals process for applicants; and the development of guidelines for review panels to standardize and rationalize their use in granting processes.

All funding programs were again assessed against the program standards and performance measures in late 2006. The comparison with 2005 results demonstrated significant increases in the performance of CPIP-funded community programs, including increases in the number of client support workshops provided, the number of individuals serviced, and the number of volunteers engaged in funded activities. The review also showed that community agencies had been able to leverage \$12.60 for each \$1 in CPIP funding provided, up from \$10.30 for each \$1 provided in 2005. These and other CPIP performance measures continue to be reported annually through the budget process.

#### **A.7 Economic Development, Culture and Tourism**

A full review of all Economic Development, Culture and Tourism programs, including the role of the Film Commissioner, was completed in January 2008. One of the primary objectives of the review was to examine how the Division could most effectively advance the strategic directions articulated in the Agenda for Prosperity.

The review concluded that the work of the Division is considered critical by its stakeholders, and that the Division has an important role to play in the city's future success. The review identified that all of the division's functions were important, and highlighted potential opportunities for different service delivery models in the future. Three options intended to improve the effectiveness of the division were assessed, and a new organizational model that will maximize synergies across programs and build the Division's flexibility and capacity to implement new strategic directions was recommended. International trade, international events and investment services functions are awaiting completion of the further review of a City development agency that is currently underway.

The Division is now being restructured into five sections – Strategic Growth and Sector Services; Business Services; Cultural Services; Program Support and the Office of the Film Commissioner. The number of director positions is being reduced from nine to five, and the recruitment process for a new General Manager and senior management team is underway. The efficiencies realized through this restructuring and consolidation are expected to contribute to the Division's goal of \$140,000 in reductions to be achieved in the 2008 budget process.

#### **A.8 Parks, Forestry and Recreation**

As a part of the implementation of the strategic plan "Our Common Grounds" and the change to a service model, the division undertook a program review to develop and test a full costing model for specific recreation programs. The expected outcomes of the review were to determine the full costs of delivering specific types of recreation programs and services and to use that information to develop pricing strategies related to cost recovery ratios.

The study identified that the cost recovery rates for the recreation programs reviewed were on average 30%, significantly lower than the 51% - 75% average of other area municipalities. The study calculated break-even cost recovery levels, and recommended a target recovery rate between 51% and 71%. The review also confirmed that there are additional efficiencies to be gained as the Division continues to harmonize and restructure its operations.

The Division's restructuring implements a new business model and focuses its operations on achieving its strategic plan within budget limits. The recent costing study complements this restructuring by providing important information for the development of budgets and service pricing and access policies.

#### **A.9 Information and Technology**

The program review of the Information and Technology (I&T) Division was undertaken by an external consultant (IBM) in 2006. The study was completed and approved by the end of 2006 and will be implemented by the end of 2008.

The purpose of the review was to "develop a model for Information and Technology that enables the City of Toronto to meet strategic and service delivery directions and enable

I&T to realize the e-City vision of “local government – anywhere, anytime for everyone”. The primary objectives were to assess the current state of I&T governance and organization and develop a new governance model and organization structure that:

- achieves strategic/operational alignment within the corporate structure;
- increases service delivery quality and efficiencies;
- increases the City’s technology leadership and innovation; and
- increases overall capability in core I&T competencies.

The recommendations of IBM’s assessment are being implemented through the Information Technology Governance and Transformation Project Office. Some of the key recommendations include:

- establishing two new IT governance bodies to more effectively manage the City’s overall investment in information technology and ensure that that investment is aligned with City objectives and priorities;
- creating the office of the Chief Information Officer (CIO) to provide City-wide leadership respecting the provision of information and technology services;
- creating or formalizing a number of information and technology functions to address areas where the City may have been at risk;
- centralize common infrastructure and support services into one shared services organization to take advantage of economies of scale and allow the City to leverage its investment in information and technology.

#### **A.10 Toronto Animal Services**

Toronto Animal Services (TAS) is expected to undergo significant growth during the next three to ten years with the implementation of its Dog and Cat Licensing Strategy, adopted by Council in 2006. To ensure TAS is well-positioned to capitalize on all of the opportunities that will accompany its growth, a program review was conducted to determine where TAS should be placed within the City administration, assess client satisfaction with TAS services, and determine TAS’ role in the provision of Wildlife Services.

The review found high levels of client satisfaction with TAS services, and recommended that TAS continue its current Wildlife Service, which provides a field response for distressed wildlife. In addition, the review concludes that TAS’ mandate and core services are most closely aligned with those of MLS, and less closely aligned with those of Toronto Public Health, where it now resides.

The review recommends that the organization be moved to MLS, where the Division’s common enforcement and public safety mandates will allow for synergies in training efforts, public relations, prosecutions, administration, and technology. Implementation of this recommendation has already begun, and is expected to provide TAS with the best possible support for its future growth.

#### **A.11 Fire and Emergency Medical Services**

The Emergency Medical Services Division and Toronto Fire Services Division Administration and Management Internal Support Functions Review was undertaken to examine administration and management support best practices, and to determine where these functions could be shared, realigned or streamlined to rationalize and improve internal service delivery in both organizations.

The review recommended that the divisions develop a merged services model under a new organizational structure. As a part of this new structure, a manager will oversee merged financial services for budget, accounting, payroll, complement management, financial planning and reporting, and purchasing, and will report to both divisions.

This recommended model is expected to enhance existing relationships while respecting the unique services provided by both divisions. It will provide future cost reduction opportunities through standardization and elimination of duplication derived from on-site synergies, collaboration, cross-training support and innovation.

The merged shared services model is expected to provide annual savings of \$208,000 and will involve the redeployment of five positions. The model will be piloted for two years after which performance measures and service levels will be evaluated to determine their success.

#### **A.12 Transportation Services**

Transportation Services is currently developing a Strategic Plan that will set an agenda and establish priorities for the Division. This Strategic Plan represents a high-level, all encompassing program review which provides the framework and context for all programs carried out by the Division. The Strategic Plan will be finalized in the Summer 2008.

In addition to the development of the Strategic Plan, Transportation Services is currently undertaking a review of specific priority programs. The winter maintenance program (both the roadway operations and the pedestrian-focussed activities), the street sweeping operations and the contract administration functions of the Division are currently being reviewed to increase efficiencies, address inconsistencies and achieve harmonization throughout the Districts, all in the context of the Division's strategic directions and priorities.

#### **A.13 Social Services**

In early 2005, the provincial government initiated a comprehensive review of the City's Cost of Administration for the Ontario Works (OW) program. This review was prompted by the City's contention that it had been required to pay more than it was mandated to under provincial cost-sharing agreements for a range of cost-shared programs.

The provincial review had three primary objectives:

- (1) Review the City's OW Cost of Administration expenditures against the Ontario Works regulations, directives and other relevant policies and guidelines;



- (2) Understand why costs have increased and what steps the City has taken or could have taken to contain costs, and;
- (3) Determine what can be done to reduce the OW Cost of Administration.

The Province engaged the consulting firm KPMG to “conduct a comprehensive review of the City of Toronto’s Ontario Works Cost of Administration.” The KPMG team reviewed a wide range of City records and other documentation, held discussions with Social Services and other City staff, and observed the delivery of the program at various program sites.

KPMG’s findings validated the City’s position that its administrative expenses for OW were reasonable and in full compliance with provincial legislation and directives. The core findings of the review were as follows:

- (1) The City complied with all Provincial regulations, directives and policies regarding Cost of Administration;
- (2) The City’s delivery of OW was balanced and defensible;
- (3) Increases in Cost of Administration between 2001 and 2004 were reasonable;
- (4) Toronto’s administration cost per case was significantly less (about 15 percent) than the average of the other GTA municipalities, and;
- (5) Further savings would come at the expense of service delivery.

Overall, the KPMG report concluded that:

“the City of Toronto’s approach to the delivery of the OW program is defensible and is backed up by considerable analysis and experience... The overall Costs of Administration, and in particular the increase and costs of administration between 2001 and 2004, is reasonable in the context of the size and complexity of the City’s case load, and the challenges of managing the OW program’s requirements with the available technology.

## **B. Current Program Reviews**

Several program reviews, having started in previous years, are continuing in 2008. Additional program reviews to commence in 2008 include:

- Accounting Services
- Inspections, Enforcement and Prosecution
- Facilities and Real Estate
- City Planning
- Office of Emergency Management

### **B.1 Accounting Services**

Accounting Services Program Review began in July 2007 and includes an evaluation of each functional area within Accounting Services (Accounts Payable, Financial Reporting, General Ledger and Financial Accounting Systems and Policies). The objectives of this review include the need to clarify mandates, document client needs, review service

delivery and its supporting structure and review staff development opportunities and training requirements.

The review is being conducted using both an internal project team and an external consultant and is undertaken using a two-phase approach. The focus of Phase One is the development of the Current State Model and includes a description of current mandates, program delivery and structure, stakeholder feedback and preliminary recommendations. Phase Two focuses on the development of the To Be state which includes recommending alternate program delivery options and organizational structure options. Once a To Be model is accepted, a fit gap analysis and an implementation plan will be developed. Phase Two is being conducted by KPMG and is to be complete by the end of 2008.

## **B.2 Inspections, Enforcement and Prosecution**

This program review is being carried out by DPRA Canada. The review is focused on inspections, enforcement and prosecution services and activities as performed across seven City divisions. The review is intended to assess the current state of service delivery, identify barriers to and opportunities for greater coordination and integration, and recommend service improvements including, if appropriate, changes in service delivery approaches and associated business practices. Data gathering and analysis is now complete and the report will be finalized by the end of May, 2008.

## **B.3 Facilities and Real Estate**

This review assesses the governance of facilities maintenance exploring opportunities to further centralize, improve, and standardize facility management tasks.

The initial findings were completed in 2007 documenting the existing organizational and operational model for facilities maintenance and capital project planning and management in the City of Toronto. The report summarized:

- the mechanisms to manage accountabilities including inter-departmental charges, service level agreements, performance measures, and operational systems;
- the approaches and tools used by F&RE to identify and manage client services / expectations;
- the roles and responsibilities, business processes, legislation, application software, and the financial and human resources found in each division with landlord responsibilities.

The program options will be completed in 2008 outlining corporate organizational and operational options and identifying opportunities to centralize and improve facility maintenance and management services for City buildings.

## **B.4 City Planning**

The terms of reference for the City Planning Division review have been completed and an internal project management and consulting team has been established to manage and conduct the review. The objectives of the review are to:

- develop innovative service delivery models that enable creative processes necessary for good planning;
- identify opportunities for improved service delivery mechanisms to achieve better outcomes;
- inventory the distribution of the division's activities & resources (staffing, skills, etc.);
- review linkages and coordination with key internal partners;
- identify areas where services or processes can be better aligned, integrated, and consistently provided;
- identify opportunities for partnerships that can bring additional resources to bear to address the City's Planning requirements; and,
- recommend changes that will strengthen the division's ability to fulfil its mandate and make better use of existing resources.

The development of more detailed work plans and the determination of further resources required are well underway. This review is to be completed by the end of 2008.

### **B.5 Office of Emergency Management**

The terms of reference for the Office of Emergency Management Review have been completed and an external consulting firm, PricewaterhouseCoopers, has been contracted to conduct the review commencing April 21, 2008. A senior management Advisory Committee will be established to oversee the direction of this review.

The objectives of the review are to:

- strengthen the City's ability to mitigate, prepare, respond and recover from major emergencies;
- provide strategic leadership both vertically and horizontally throughout the City's management structure;
- increase horizontal collaboration across services and programs;
- ensure an effective balance of legislative compliance, administrative governance, and delegation of responsibility throughout the organization;
- implement effective emergency management linkages throughout the City's Divisions and key Agencies, Boards, and Commissions (e.g. Toronto Police, TTC);
- remain adaptable, flexible, and innovative in execution of the City's emergency management program.

This review is expected to be completed by June 30, 2008.

### **C. Future Program Reviews**

Programs identified so far to be reviewed in future years include:

- Shelter, Support and Housing Administration/Affordable Housing Office
- eServices

- Fleet Services

### **C.1 Shelter, Support and Housing Administration/Affordable Housing Office**

A full scale program review of the Shelter, Support and Housing Administration (SSHA) Division and the Affordable Housing Office (AHO) will begin in 2008 to clarify the roles, responsibilities and relationships between SSHA and the AHO, other City divisions (including SDF and Planning), ABCC's (including Toronto Community Housing), and other social service programs and providers.

The review will determine how SSHA and the AHO each respond to the community needs within their mandates, and how they complement services provided by other orders of government, the private sector and non-profit organizations. It will examine the challenges that SSHA and the AHO face because of the absence of long term, sustainable funding from the Provincial and Federal government, and will provide recommendations regarding the relevance, effectiveness and efficiency of services provided through SSHA and the AHO. It will also ensure that the Divisions are properly aligned to realize the objectives of the ten-year Housing Opportunities Toronto affordable housing framework released in November 2007.

The SSHA/AHO Program Review is projected to take place over a one year period between March 2008 and March 2009. Funding required for the costs associated with retaining an external consultant for the purposes of providing an independent and objective review will be requested from the Innovation Reserve Fund.

### **C.2 eServices**

In 2008, a review of the City's eServices will be launched. Historically, eServices have been developed in isolation from each other, and to date, there has not been significant investment in an overall strategy that would support a consistent approach by Divisions and the City more broadly in the development of these services.

The eServices program review will create an eServices Strategic Plan that establishes a common vision for the future of eServices and a consistent approach to the development of these services. It will support the implementation of the City's 3-1-1 customer service strategy, and enhance 3-1-1's ability to provide seamless, consistent, 24/7 service delivery across all access channels, including the telephone, Internet, e-mail, mail, fax, and in-person services.

This corporate-wide review will consider eService opportunities across the City and its ABCCs and develop a 5-year investment strategy for automated, client-centred services that will improve performance and help realize service efficiencies. Key objectives of the review and the Plan include: setting strategic priorities for the City's eServices; the development of criteria to ensure the alignment of eService projects with organizational priorities; the identification of opportunities to improve client service through enhanced multi-channel access options; the establishment of performance standards, benchmarks and efficiency measures; and the creation of an implementation roadmap.

The eServices Program Review will take place over a one-year period between April 2008 and April 2009. Funding for the review will be requested from the Innovation Reserve Fund to cover costs associated with retaining an external consultant with the necessary expertise to conduct the review and prepare the resulting strategic plan.

### **C.3 Fleet Services**

The terms of reference for the Fleet Services program review are being developed and the review is expected to be complete by the end of 2009.

## **CONCLUSION**

The Program Review Framework approved by Council in 2006 was intended to assist the City in positioning itself to be more cost-effective in addressing financial, public policy and customer service challenges. This first round of reviews has resulted in improvements in services and cost effectiveness. Additional reviews will be identified in the course of the year.

## **SIGNATURES**

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Sue Corke, Deputy City Manager

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