Administrative Response to the Office of the City Auditor City Productivity and Performance Audit

Productivity and Performance Measures Analysis

Recommendation
That the November 17, 2020, Urban Form and Corporate Strategic Development report UFCSD00119, be received for information.

Previous Council/Committee Action

At the November 17, 2020, Audit Committee meeting, the following motion passed:

That the November 17, 2020, Office of the City Auditor report OCA00146 and the November 17, 2020, Urban Form and Corporate Strategic Development report UFCSD00119, be postponed to the February 12, 2021, Audit Committee meeting.

Executive Summary

This report provides Administration's response to the findings in the Office of the City Auditor's (OCA) 2020 City Productivity and Performance Audit: Productivity and Performance Measures Analysis. The report concluded productivity measures were limited within the City's service performance measures, and the auditor recommended that Administration explore best-practices to implement a corporate process for incorporating benchmark measures into the Enterprise Performance Management (EPM) framework.

The EPM framework was implemented in 2019 to measure the Corporate Business Plan, which outlines the City's services, projects and actions for Edmontonians in 2019-2022. EPM leverages data to report on the three objectives of the Corporate Business Plan:

1. Make Transformational Impacts in our Community
2. Deliver Excellent Services to our Community
3. Manage the Corporation for our Community

A wide range of data, including benchmarking indicators, are currently used within EPM to measure progress towards these objectives, to steer and measure organizational performance, and to enable a better life for all Edmontonians.

In response to the audit findings and recommendation, Administration will conduct a pilot project to explore best-practices to identify and include productivity benchmark measures into the Enterprise Performance Management (EPM) framework and its reports.

Report

In September of 2020, the Office of the City Auditor (OCA) released the City Productivity and Performance Audit: Productivity and Performance Measures Analysis The audit set out to determine if:

1. City of Edmonton services are measuring and monitoring their productivity or performance.
2. City of Edmonton services have improved their productivity or performance.
3. City of Edmonton services are monitoring their productivity or performance in comparison or in context with external organizations (i.e. benchmarking).

The audit found that productivity measures were limited within the City's service performance measures. Benchmarking was also limited either due to a lack of standardized methodology, a difference in processes, or due to the uniqueness of best practices by service. Due to the limited benchmarking, the audit concluded decision makers would miss opportunities to explore operational differences and improve performance.

Enabling a Better Life for All Edmontonians

The EPM framework was implemented in 2019 to measure and report on the Corporate Business Plan. The Corporate Business Plan presents an integrated overview of the City of Edmonton's work to achieve its corporate promise:

> *"Working together, aligned with City Council, we enable a better life for all Edmontonians."*

It establishes priorities upon which the City will focus its efforts and communicates the transformational projects, daily programs and services, improvement initiatives and capital infrastructure projects it will deliver within the four year budget cycle.

EPM leverages data and reporting to achieve the three objectives of the Corporate Business Plan:

1. Make Transformational Impacts in our Community
2. Deliver Excellent Services to our Community
3. Manage the Corporation for our Community

Commitment to Transparency, Accountability and Continuous Improvement

Data is foundational to achieving the City's corporate objectives and maintaining accountability to Edmontonians. The City of Edmonton demonstrates its formal commitment to transparency and accountability with its Open City Policy (C581) and the Enterprise Performance Management Policy (C600). The City of Edmonton continues to be seen as a global leader in the use of data to inform decision making and, most recently, was acknowledged with platinum-level certification by the World Council on City Data (WCCD) in September 2020.

EPM establishes performance measures and standard reporting processes for all of the City's public facing and internal services, and sets the foundation for sustained continuous improvement. Comparisons of data across organizations can sometimes be helpful for identifying opportunities for improvement. However, benchmarking data can be industry specific, may not be widely available and often comes at a cost; and differences in how services are defined, measured and reported on pose a barrier to drawing actionable insights. In contrast, internal data is available on a more frequent basis, less costly, and more comparable over time, all of which support efforts aimed at steering and improving from the current performance baseline.

Attachment 1 provides a sample EPM report based on internally available data that shows quarterly performance trending over time. These EPM reports are used to analyze results, identify the impacts of performance trends, and guide further actions if necessary.

Current Application of Benchmarking in EPM

International Organization for Standardization (ISO) benchmarking indicators are currently embedded within the EPM framework where benchmarking data is available and applicable to Corporate Business Plan objectives. Through participation in the Data for Canadian Cities project with WCCD, Edmonton is able to compare results using standard measurement with peer cities on the basis of various criteria such as population size, density, economic profile, demographic makeup and location. The use of these ISO benchmark indicators within the EPM framework is given below and an example of benchmarking results is provided in Attachment 2.

Objective	Description	Sample Benchmark ISO 37120 Indicators
	Indicators relevant that reflect City and community impact *(ConnectEdmonton Indicators)*	• Greenhouse gas emissions (tonnes/capita) • Population living in inadequate housing (%) • Commuters using a travel mode to work

Make transformational changes in our community		other than personal vehicle (%)
	Indicators that speak to what the City is doing to make big changes *(City Plan Strategic Measures)*	- Areas designated for natural protection (%) - Public transport trips per capita (#/year) - Bicycle paths and lanes (km/100,000 people)
Deliver excellent results to our community	Indicators that reflect the City's service delivery *(Public Service Measures)*	- Response times for emergency services - Total collected municipal solid waste (per capita) - City's solid waste recycled (% of total waste)
Manage the corporation for our community	Indicators that reflect the City's management of the corporation *(Supporting Service Measures)*	- Debt to service ratio - Capital spending (% of total expenditures) - Tax collected as a total of tax billed

Benchmarking is also reported in the annual ConnectEdmonton Indicator report, which provides current results, historical results from Edmonton, and comparators from peer cities where available. The first report was produced in 2019 but presentation to City Council was delayed due to the impacts of COVID-19. A sample of the 2019 ConnectEdmonton Indicator report is provided in Attachment 3.

Management Response

Administration accepts the OCA's recommendation and will explore best-practices to identify and include productivity benchmark measures into the Enterprise Performance Management (EPM) framework and its reports. The work will focus on three deliverables:

1. *Identifying Productivity Benchmark Measures* - A corporate process will be established to identify select services and add productivity benchmark measures. Administration will conduct a market assessment of organizations that provide municipal benchmarking to identify benchmarkable service areas.

2. *Guidelines for Benchmarking* - A guideline will be developed so that areas can have action-oriented performance discussions around productivity. The guidelines will enable service areas to identify additional suitable industry-specific benchmarking sources that are replicable, repeating, transparent, and have historical data.

3. *Integrating Measures into the EPM Framework* - Productivity benchmark measures will be integrated into the Corporate Business Plan Performance Reports. These reports measure transformational impacts, excellent service delivery and how Administration manages the corporation. Productivity

benchmarking will be incorporated into section, branch and department performance conversations, a process already established by EPM. Benchmarked results will enable calibration toward service objectives already outlined through EPM. A program level Corporate Performance Report will be reported to ELT and Council.

Major milestones and dates are provided below:

	Milestone	Date
1	Identify Services to Assess	2021 - Q1
2	Engage with Service Areas to Introduce Benchmark Measures	2021 - Q2
3	Assess Industry Landscape for Potential Benchmarking Sources	2021 - Q3
4	Develop Program Level Corporate Performance Report	2021 - Q3
5	Assess Effectiveness of Productivity Benchmarking	2021 - Q4

Project Approach

In developing the approach to the project, Administration will focus on targeted productivity benchmarking in a subset of services outlined in the audit report and then focus on assessing whether to incorporate productivity benchmarking for all services.

Attachments

1. Sample EPM Report: Development Permit Efficiency
2. Sample ISO 37120 Indicator Benchmarking: Percentage of Population Living in Affordable Housing
3. Sample ConnectEdmonton Indicator Benchmarking

Others Reviewing this Report

- M. Persson, Deputy City Manager and Chief Financial Officer, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- B. Andriachuk, City Solicitor