

HALIFAX

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Item No. 3
Halifax Regional Council
October 30, 2018

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Jerry Blackwood, Acting Director, Finance & Asset Management

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: October 22, 2018

SUBJECT: MBNCanada – Performance Measurement Report Update

INFORMATION REPORT

ORIGIN

In April of 2016 HRM joined Municipal Benchmarking Network Canada (MBNCanada). Since that time staff has implemented a multi-year plan for the Municipality to report on required publicly reportable measures for all MBNCanada service areas within the mandate of the Municipality. The MBNCanada 2017 Performance Measurement Report is set for public release (at www.mbncanada.ca) on November 1st, and will be the first year that the Halifax Regional Municipality will be included in the report.

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Regional Council; (c) be responsible for the administration of the budget after adoption.

BACKGROUND

At the June 21, 2017 session of Audit and Finance, a program overview of MBNCanada was provided to the Committee outlining the 3-year phased project approach to the implementation of the MBNCanada Program. Subsequent to that report, the MBNCanada Program Office changed its reporting requirements for service area measures. Only Board and Board-Supporting measures that will appear in the Performance Measurement Report are now required to be reported on an annual basis. Non-reported Expert measures can be reported on a voluntary basis. Phase 1 of the project plan was adjusted to focus on reporting of Board and Board-Supporting measures for all service areas, rather than phasing in service area reporting over two years.

On November 1, 2018 the organization will have completed the first phase of the project, including the formation of a cross-functional team, and the development of processes and methodology to capture and report service and costing data for 27 service areas in the 2017 Performance Measurement Report. This work included a dress rehearsal completed in November 2017 as a prelude to the implementation of Phase 1 - Public Reporting of Service Areas.

The final (second) phase of the project will be to implement voluntary reporting of non-mandatory expert panel measures; work with Halifax Water to onboard Water and Wastewater service measures; and transitioning from project to operational management of the service area measures.

DISCUSSION

On November 1, 2018, MBNCanada will release the 2017 Performance Measurement Report – a municipal performance report that provides year-over-year service and expenditure results for partner municipalities across Canada. This release is significant to HRM as it will be the first MBNCanada report to represent our municipality. The 2017 Performance Measurement Report will include results from fiscal 2017/18 for the Municipality.

MBNCanada Background

Municipal Benchmarking Network Canada (previously Ontario Municipal Benchmarking Index) is a partnership between sixteen Canadian municipalities who believe in the power of measurement to inspire continuous improvement in the delivery of services to their communities. Partner municipalities measure and report data, share practices and strategies, and use data to inform decisions and policies. HRM joined MBNCanada in 2016.

Project Overview

In 2016, HRM formed an on-boarding project team to implement the methods, processes, and governance necessary for HRM to become active participants in the MBNCanada partnership. Over the last two years, the on-boarding team, including 35 subject matter experts representing 10 business units from across the organization and the Halifax Public Libraries, worked to understand opportunities and address challenges relating to MBNCanada reporting. In 2017, many of these experts participated in a rehearsal data call to practice and refine our collection and reporting processes.

A significant component of the MBNCanada methodology is its costing framework. The framework provides a methodology for calculation of total costs, including overheads and amortization, which are used within the reported efficiency measures.

Results – 2017/18

The report to be released on November 1st, 2018 will include HRM's results comparing its performance with those of its MBNCanada peers. HRM has contributed data for 110 measures for this report, details of which can be found in Appendix A.

Although HRM compares well, it is important to acknowledge that factors such as service standards, population, geographic size, organizational form, government type, policies and practices, and legislation can impact comparability of results.

On November 1st, the MBNCanada 2017 Performance Measurement Report will be available online at <http://mbncanada.ca/>.

Benefits

HRM has realized and will continue to realize many benefits from its participation in MBNCanada. The primary purpose for joining MBNCanada was to gain access to a credible and established methodology for measuring the performance of municipal services, as well as the costing framework that allows the municipality to attribute overhead (internal service support costs) and amortization (asset ownership costs) to the operational cost of providing services. This costing model provides the foundational basis for service-based budgeting, allowing the Municipality to understand the cost of managing, maintaining, and adding new services or assets. The model ensures that all costs related to a specific service are accounted for, including indirect or support service costs such as HR, IT, Legal, Finance and other corporate services. These allocations are done using well thought out cost drivers such as FTE's, number of devices supported, number of transactions processed, etc. This level of cost allocation ensures consistency of reported information as well as accuracy of the full cost to deliver the service. Accurate service costing is a key requirement in the successful practice of strategic asset management within HRM's evolving Enterprise Asset Management maturity.

The data provided by the measures will support and inform strategic decision-making and policy setting, providing the Municipality with a reliable, transparent means to measure and assess trends in costs and performance. The focus will be on evaluating HRM results and to identify opportunities for improvement.

Another key benefit is the ability to compare performance with comparable municipalities, especially since all participants are utilizing the agreed upon cost allocation model. This is the closest we can get to achieving true apples to apples benchmarking. There are however, many factors that influence the cost of a service, not the least of which is the service standard. When doing comparisons from one organization to another it is important to consider the service standard being delivered. On the surface one organization may seem far more efficient than another; however, it may simply be less expensive due to a lower service standard. In other instances, local geography or climate could account for the difference in the cost to deliver the services. Each service area has its own identified set of 'influencing factors' that contribute to differences in cost and performance. It is always important to look deeper when doing benchmark comparisons.

Participation in MBNCanada also provides access to a network of professionals across participating municipalities. Expert panel meetings for all services are held several times per year to review and discuss performance, and exchange best practices and service innovations. Participants are encouraged to network with their peers and to share ideas and solicit information and advice as required.

Participation in MBNCanada supports HRM's Performance Excellence efforts to align the organization to be more customer focused, efficient, sustainable, and committed to excellence, by allowing business units to seize on innovation and performance improvement initiatives.

FINANCIAL IMPLICATIONS

There are no direct financial implications of this report, however the information generated through the MBNCanada methodologies will provide valuable information to assist Council in making future decisions on service investments.

The MBNCanada Program is funded through annual fees from participating municipalities. HRM's annual fee is \$28,450 and is included in the annual operating budget. In addition, MBNCanada holds a forum each spring where municipalities share innovations and best practices. To get full benefits from the partnership, HRM should send participants from the HRM support team as well as from the operational business units.

In addition, to fulfill obligations at MBNCanada Board and Municipal Lead meetings, there is a requirement to travel to meeting locations, usually in Ontario. Note that the majority of the MBNCanada meetings are held via conference call at no cost to HRM.

COMMUNITY ENGAGEMENT

There is no community engagement activity associated with this project.

ATTACHMENTS

Appendix A - Measures Reported for 17/18 by MBNCanada Service Area

Appendix B - Q&A - MBNCanada Performance Measurement Report

Appendix C – MBNCanada Program Overview (June 5, 2017 Information Report to Audit and Finance Standing Committee)

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Michael Pappas, Planning and Performance Coordinator 902-490-5534
Kathie Couture, Planning and Performance Coordinator 902-490-6745

Original Signed

Report Approved by: Wendy Lines, Acting Manager Corporate Planning, Finance & Asset Management,
902-490-6470

Appendix A – Measures Reported for 17/18 by MBNCanada Service Area

HRM is reporting on 94% of relevant measures represented in the MBNCanada public report in addition to other supporting and expert-level measures. Details are below.

MBNCanada Service Areas	Measures In Public Report	Other Measures	Total
Accounts Payable	4	4	8
Building Permits and Inspections	3	7	10
By-Law	7	11	18
Clerks	4	1	5
Culture	3		3
Facilities	4	3	7
Fire and Rescue Services	7	4	11
Fleet & Management Services	8	4	12
General Government	1	2	3
General Revenue	4	1	5
Human Resources	2	2	4
Information Technology	3	6	9
Investment Management	2		2
Legal	4	1	5
Libraries	6	14	20
Licensing	4	3	7
Municipal Data		9	9
Parking	4	8	12
Parks	6	5	11
Payroll	2	4	6
Planning	1	1	2
Police	9	15	24
Purchasing	3	1	4
Roads	5	5	10
Taxation	4	1	5
Transit	3	5	8
Waste Management	7	3	10
Total	110	120	230

* Note that HRM is not reporting Sports & Recreation measures this year. HRM continues to work on the implementation of software that will produce reliable data and help address the challenge of including the results for community operated facilities. Water and Wastewater are also not being reported at this time. They may be included in future reporting years.

Appendix B – MBNCanada Performance Measurement Report – Question and Answer Briefing

Q. Where can I find the report?

A. On November 1st, the MBNCanada 2017 Performance Measurement Report will be available online at <http://mbncanada.ca/>.

Q. What data does this report include?

A. The 2017 Performance Measurement Report includes fiscal 2017 (2017/18 HRM) data from 37 services provided by municipal governments.

Due to differences in mandate across MBNCanada partner municipalities, some municipalities may report on fewer services. For example, Halifax Regional Municipality does not deliver social services that are delivered by Ontario municipalities. Consequently, Halifax Regional Municipality results will not be included for Child Care, Emergency Hostels, Emergency Medical Services (EMS), Long Term Care, POA (Court Services), Social Assistance, and Social Housing. Halifax data will not be included for Sports and Recreation, Water, and Wastewater in this report. These services will be phased-in in 19/20 – 20/21.

Q. Why are Halifax results different from other municipalities?

A. There are a variety of factors that can influence results and need to be considered when comparing services and costs. These vary by service, but can include such things as frequency of service / service standards, geography, population, policies and procedures, government type (single or upper tier), legislation, and other factors.

HRM has used the MBNCanada cost allocation methodology to ensure the Municipality's cost approach is standardized to those of its MBNCanada peers. These costs may be influenced by the factors described above and will be responsible for some of the variance.

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Item No.
Audit and Finance Standing Committee
June 21, 2017

TO: Chair and Members of Audit and Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Amanda Whitewood, CFO/Director of Finance and Asset Management

DATE: June 5, 2017

SUBJECT: MBNCanada Program Overview

INFORMATION REPORT

ORIGIN

In April of 2016 HRM joined Municipal Benchmarking Network Canada (MBNCanada). Since that time staff has developed a multi-year implementation plan for the municipality to achieve full reporting by 2019. Staff thought it prudent to provide the committee with an overview of the MBNCanada program as well as a status update on the progress of the implementation plan.

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Regional Council; (c) be responsible for the administration of the budget after adoption.

BACKGROUND

Regional Council approves an annual budget to ensure that financial resources are aligned to deliver municipal services required by the community and that the costs of those services are balanced against the overall tax base. As the organization transitions to a multi-year approach, reliable service costing data will become even more critical to help forecast service costs based on projected service demand and/or possible service changes.

Currently, projecting service costs is challenging due to a lack of consistent and reliable information related to the actual costs to deliver services and the ability to estimate those costs into the future. Staff attempts to provide Regional Council with costing data for specific services that may be under consideration, but this information, although the best available, is inconsistent and therefore not entirely reliable for making decisions on the future of sustainable services for the community. It is for this reason that a reliable, systematic and consistent service costing methodology be adopted.

DISCUSSION

MBNCanada (formerly the Ontario Municipal Benchmarking Initiative (OMBI)) is a partnership of 15 Canadian Municipalities who believe in the power of measurement to inspire continuous improvement in the delivery of services to our communities. See <http://mbncanada.ca/> for a complete overview of the partnership.

The partnership is governed by a Board (CAOs and City Managers of member municipalities), an Executive Committee, a Municipal Leads Committee (one representative from each member municipality), a Finance Advisory Panel (one representative from each member municipality), and Expert Panels representing 37 municipal service areas. (see Attachment A)

Full service costing is a resource intensive exercise and cannot be done for one service in isolation of other services. True full service costing considers all indirect or support costs and allocates them across all services using consistent cost drivers. Therefore, it is impossible to establish the full costs of one service without a comprehensive view of all services. MBNCanada has developed and implemented a credible and reliable cost allocation model that will achieve full service costing for HRM and enable reliable comparison with other jurisdictions.

MBNCanada Benefits

One of the main benefits of participating in MBNCanada is access to the Cost Allocation Model mentioned above. This proprietary model has been used effectively for more than 10 years and is proven to be valid regardless of organizational form. The model ensures that all costs related to a specific service are accounted for, including indirect or support service costs such as HR, IT, Legal, Finance and other corporate services. These allocations are not merely broad factors, they are well thought out cost drivers such as FTE's, number of devices supported, number of transactions processed, etc. This level of cost allocation ensures consistency of reported information as well as accuracy of the full cost to deliver the service.

HRM has committed to reporting on the MBNCanada defined measures within all 28 services areas that HRM delivers. Reporting on these measures will ensure comparability across the partnership. In some cases HRM may want to have more detailed service costing than is contemplated by MBNCanada. One benefit of the Cost Allocation Model is that we can, over time, take a "deeper dive" on a service or component of a service using the same cost allocation model.

Another key benefit is the ability to compare results with participating municipalities, especially since all participants are utilizing the agreed upon cost allocation model. This is the closest we can get to achieving true apples to apples benchmarking. There are however, many factors that influence the cost of a service, not the least of which is the service standard. When doing comparisons from one organization to another it is important to consider the service standard being delivered. On the surface one organization may seem far more efficient than another; however it may simply be less expensive due to a lower service standard. In other instances, local geography or climate could account for the difference in the cost to deliver the services. It is always important to look deeper when doing benchmark comparisons.

The third major benefit of the MBNCanada program is the partnership opportunities. CAOs and City Managers are provided with a forum to review and discuss their results which presents a great opportunity for learning and sharing of leading or promising practices. Similarly, the Expert Panel structure enables the same type of learning and sharing of practices at the more detailed service delivery level. The Expert Panel meetings are highly engaging and informative for all participants.

Implementation Plan and Update

Phased Approach - Successful implementation of the MBNCanada program requires the development of processes to consistently capture and report both service delivery data and service costing data for each of the 28 service areas as defined by MBNCanada. MBNCanada acknowledges the effort required to achieve this type of reporting and therefore remains flexible as municipalities develop their implementation plans. HRM has developed a 3-year phased approach that will see rehearsal reporting (non-public) commencing in 2017 (2016/17 fiscal year) for Phase 1 Service Areas, with full public reporting in 2018

(2017/18 fiscal year) for Phase 1 Service Areas and rehearsal reporting for Phase 2 Service Areas. Full reporting will be achieved in 2019 (2018/19 fiscal year) for the all Service Areas (see Attachment B – High Level Project Plan)

Resources - With the exception of one intern under the Bridging the Gap Program, there are no additional resources planned to support the implementation. One deliverable of the implementation project is a resource analysis to determine if additional resources will be required to support the ongoing reporting and/or analysis processes. Complete resource recommendations will be made in 18/19 near the end of the implementation project.

The core resources assigned to the project are all within Finance and Asset Management's (FAM) Corporate Planning, Financial Reporting, and Fiscal Policy and Planning groups. In addition to the central resources within FAM, every business unit is participating as Expert Panel Members as well as undertaking the detailed work required to capture service delivery data and confirm allocation of resources to specific services for costing purposes. As the project progresses the resource commitments will be evaluated against project milestones and where necessary, dedicated resources may be required to meet the stated time lines.

Project Activities – In order to achieve the above described reporting capabilities we must undertake three distinct, but related activities:

1. **Service Delivery Data** – this consists of understanding what MBNCanada defines as service data under their data dictionary. For example, the number of applications sounds straight forward, but does it include all applications received or only those that resulted in approvals? Road Maintenance can include any range of elements including sidewalks, signs, just road surface, etc. Each of these details must be confirmed and then we need to develop ways to capture the defined measure from within our current systems, which may not be configured to support the data in the way we need it. This work must be done for each of the 28 Service Areas.
2. **Financial Costing Data** – This is arguably the most challenging and complex component of the project. First, we need to fully understand what costs MBNCanada includes in the cost allocation model related to each specific service. Second, we need to identify where those costs are recorded in our financial system (SAP). Unfortunately, our configuration of SAP is aligned with our organizational structure, not the MBNCanada Service Area model. This requires us to map the SAP data out to each service area and create processes that will extract the data and populate the MBNCanada reporting requirements. To further complicate matters, many resources are assigned on a daily basis to more than one service. As a result service area managers will be providing allocation factors to ensure all costs are appropriately aligned with each service and these factors will be included in the data mapping exercise.
3. **Process Documentation** – As the above activities evolve, the project team will be documenting all service delivery and financial costing processes to ensure traceability and repeatability each year. This will require additional time and effort throughout the implementation project, but will ensure that each data call will be responded to in the same way and we won't have to re-learn how each measure is reported every year.

Project Status Update – Following the initial orientation and project planning period, the official kick-off meetings with Directors and Senior Managers took place in the fall of 2016. The project has now been underway for about 8 months with 20 Service Areas already engaged. With the phased approach, some Service Areas are well into the detail, while others are just in the orientation and learning phase. See Attachment C for the most recent Project Update.

FINANCIAL IMPLICATIONS

There are no direct financial implications of this report, however the information generated through the MBNCanada methodologies will provide valuable information to assist Council in making future decisions on service investments.

The MBNCanada Program is funded through annual fees from participating municipalities. HRM's annual fee is \$28,455 and is included in the annual operating budget. In addition there is a forum held each spring and HRM sends 2 to 4 staff each year. These costs are also included in the annual operating budget.

COMMUNITY ENGAGEMENT

There was no community engagement in development of this report.

ATTACHMENTS

Attachment A – MBNCanada Governance Model

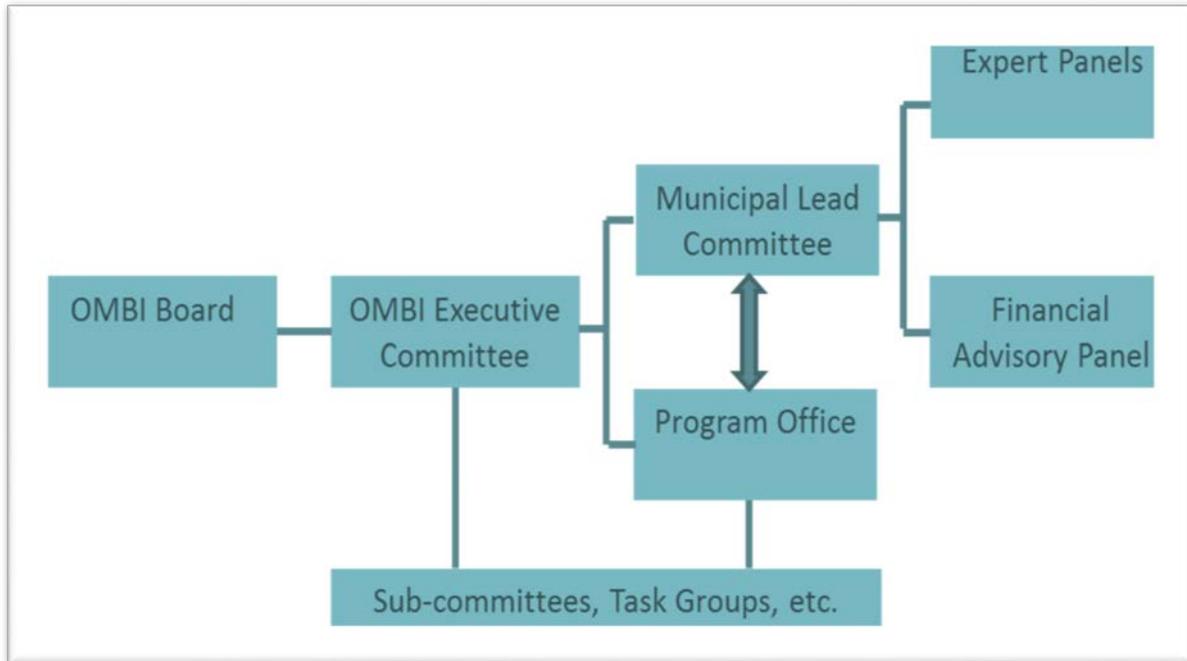
Attachment B – High Level Project Plan

Attachment C – April 2017 MBNCanada Project Update

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Ed Thornhill, Manager of Corporate Planning, FAM 902.490.4480

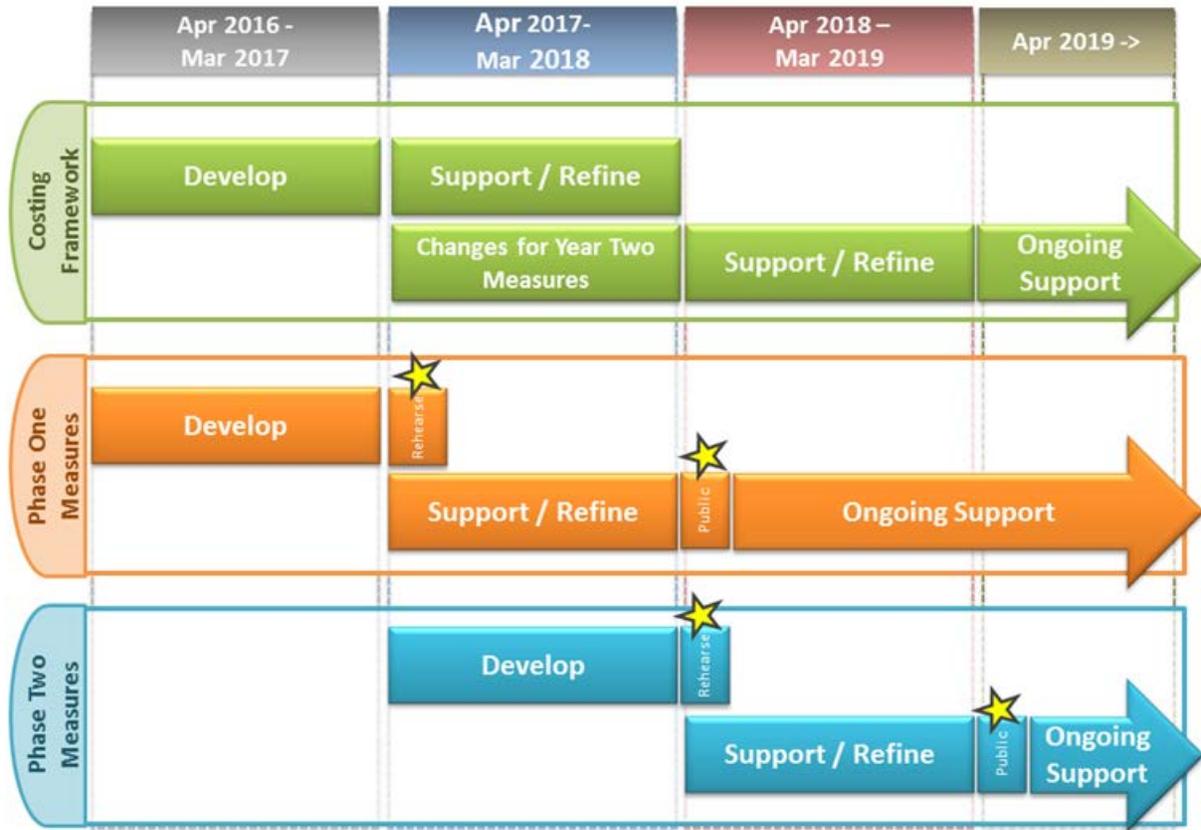
Attachment A – MBNCanada Governance Model



MBNCanada Partner Municipalities

Partner	Population
Calgary	1,149,522
Durham Region	650,895
Halifax Regional Municipality	426,000
Halton Region	518,311
Hamilton	540,000
London	373,730
Montreal	1,650,000
Niagara Region	445,350
Regina	230,000
Thunder Bay	108,859
Toronto	2,771,770
Region of Waterloo	563,000
Windsor	210,891
Winnipeg	699,346
York Region	1,130,400

Attachment B - High Level Project Plan



Attachment C – Project Status Update

MBNCanada Project
 Monthly Status Report

Project Title	MBNCanada Project	Start Date/End Date	Oct 2016 / Jul 2019
Business Unit	Organization-wide	Status Period	Mar 31, 2017
Program Lead	Ed Thornhill	Submitted to Sponsor	Amanda Whitewood
Project Lead	Kathie Couture		

Phase 1: 20 Service Areas / Board Measures				
Milestone Details	Schedule Completion	Work Started	Work Completed	Health ¹
Project Charter Approved by A. Whitewood			Aug 2016	Complete
Phase 1 Non-costing Measures Ready to Report	Apr 2017	Jul 2016		Caution
Phase 1 Non-costing Measures Rehearsal Complete	Sep 2017			
Costing Methods and Data Ready to Test	Sep 2017	Dec 2016		Caution
Phase 1 Costing Measures Mock Data Call	Nov 2017			
Phase 1 Measures and Methods Refined	Apr 2018			
Phase 1 Public Reporting Submission	Jul 2018			
Phase 2 Public Reporting Submission	Jul 2019			

¹ Health –Complete, Good, Caution, At Risk

Period Summary

Business planning focus continued into March slowing expected progress. In addition, the Financial Costing Team Lead has been unavailable to the project since early April to address operational needs (year-end reporting). Resourcing options are in development.

The CAO has approved three staff to attend the MBNCanada Forum in Calgary.

Phase 1 - Snapshot	
Service Areas in Progress	17 of 20
Non-Costing Measures Ready to Report	17 of 142
Costing Measures Defined	9 of 62
Total Phase 1 Measures	204

Issues, Risks, Items Requiring Executive Support

The project team will monitor risks and action mitigations as necessary throughout the course of the project. The issue of project staff availability due to other commitments has continued into this period and will likely result in fewer measures submitted during the 2017 rehearsal (May - July).

Period Progress Details

Communications and Change Management

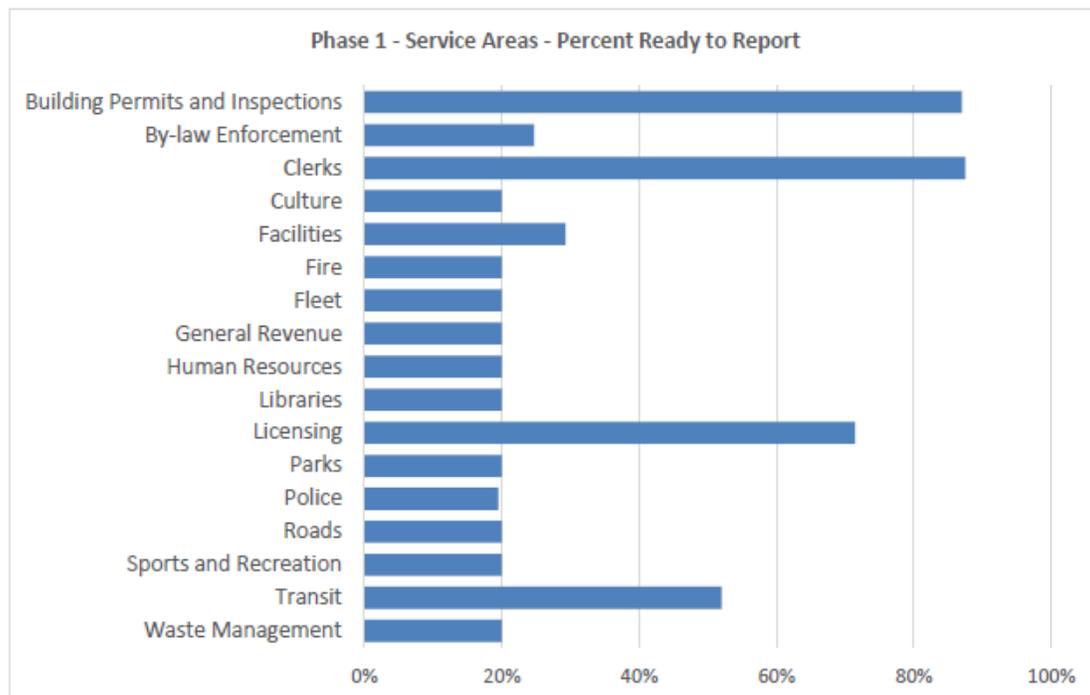
- Meeting set for April with ICT's Change Management Consultant

Project Deliverables

- Costing Framework
 - Integrated Costing Framework design and plan are complete

MBNCanada Project
Monthly Status Report

- General Ledger mapping strategy defined / mapping started
- Amortization Model design and plan are complete. Testing in progress.
- Program Support Driver definitions in progress.
- Measure Development (target: 20 of 28 Service Areas)
 - 17 of 204 measures are ready to report
 - Business units are engaged in confirming their measures and reporting methods in the following seventeen MBNCanada service areas:



Phase 2

Phase 2 will be scoped and planned at a later time. These are the high-level expectations.

Phase 2 – Scope TBD			
Phase 2 Milestone Details	Schedule Completion	Started	Completed
Phase 2 Measures Ready to Report	Apr 2018		
Phase 2 Rehearsal Complete	Sep 2018		
Phase 2 Public reporting submission	Jul 2019		