9
TRACKING PERFORMANCE IN YORK REGION

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, April 29, 2004, from the Chief Administrative Officer and Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that Council receive this report and endorse the key performance indicators outlined in attachments 1 and 2.

2. PURPOSE

The purpose of this report is to provide an overview of the accountability framework and measurement strategy currently being utilized to track performance of service delivery at York Region.

3. BACKGROUND

Measurement of the Region's service activities has existed in various forms since the introduction of an integrated business planning and budget process in 2000. Business units have embarked on the development of statistics, ratios and trends that have aided in the analysis and decision making for their operations. Many operational indicators are currently being utilized throughout the organization.

While activity and operational measures continue to be refined and incorporated into program operations, there exists a need to measure service delivery at a more appropriate and strategic level for reporting and presentation to Council and Region taxpayers.

4. ANALYSIS AND OPTIONS

4.1 Key Performance Indicators (KPIs)

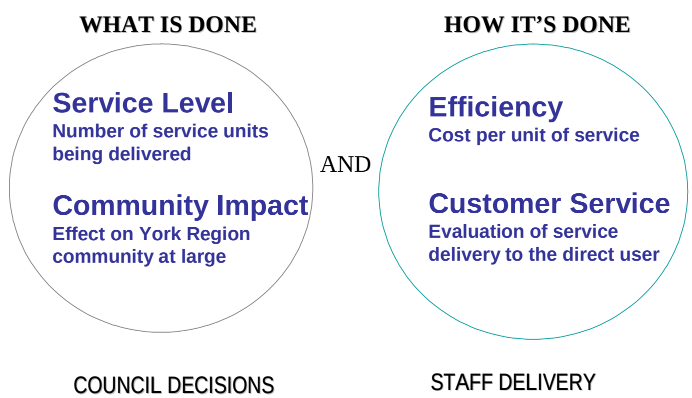
York Region has undertaken further use of measures and benchmarks to develop an enhanced performance measurement framework. With direction from the Chief Administrative Officer (CAO) and Regional Treasurer, all service areas of the Region embarked on the development of key performance indicators (KPIs) to evaluate key service delivery mandates in four main categories:

- Service Level: the number of units of service being delivered
- Community Impact: the effect of service delivery on the York Region community at large
- Efficiency: the operating cost for a unit of service being delivered

- Customer Service: the evaluation of service delivery performance to the direct user of the service

This approach to measurement enables performance to be tracked within the perspective of accountability (see figure 1 below). The strategic decisions of Council are reflected with service level and community outcome indicators and provide direction to staff as to "what" is expected to be delivered. The question of "how" Council's decisions are delivered to taxpayers is measured with efficiency and customer service indicators, and is largely within the accountability of Regional staff.

Figure 1: KPIs within the Accountability Framework



4.1.1 Service Level

For all business units, service level KPIs have been developed that illustrate the number of service units being delivered. For the most part these service levels have been determined by decisions of Council, and in the case of social programs may be a mandatory service level based on Provincial legislation. These service level indicators, summarized in attachment 1, form the basis for the other KPI measurement categories.

4.1.2 Community Impact

To evaluate the outcome of service level decisions, each direct service business unit has developed a community impact KPI, summarized in attachment 1. These measures illustrate the effect Council's service level decisions have on York Region's community at large. The community impact KPIs are generally consistent with the direction and goal areas of Vision 2026 and provide measures that represent service delivery of each business unit at a strategic level.

4.1.3 Efficiency

For all business units, efficiency KPIs have been developed that illustrate the cost per unit of service being delivered, summarized in attachment 2. These measures reflect how efficiently Regional services are provided. All departments have been challenged to provide increasing levels of service with favourable community impacts at an appropriate unit cost.

4.1.4 Customer Service

To further evaluate how staff delivers services to the taxpayers of York Region, business units are developing customer service KPIs, summarized in attachment 2. These measures assess the performance of staff relative to customer requirements. For the most part these KPIs are objective measures of service, targeting the expectations of direct users. Examples of these include turnaround times, responses times, and administrative processing times and other client satisfaction measures. Further work in this area is needed to develop more relevant and meaningful indicators at the overall business unit level.

4.2 KPI Development Process

Historically program efficiency and effectiveness measures used throughout the Region had been limited to a portion of a service mandate, describing only a fraction of the program's operations. In the spring of 2003, the CAO and Treasurer challenged all business service units to further enhance the performance measurement framework by developing key performance indicators, with the objective to evaluate service delivery in a manner that provides key decision makers with a complete picture of performance in order to make timely, informed decisions and prioritize actions needed to continuously improve service delivery at York Region. Table 1 below outlines the major steps in the development of KPIs throughout the Region.

Table 1
Key Performance Indicators (KPIs) – Development Steps

Timeframe	Activities
February 2003	CAO and Commissioners discuss objective and expectations
March 2003	Preliminary direction to departments from CAO/Treasurer
April/May 2003	Business Planning and Budgets branch work in cooperation with the various direct service and support service business units to propose appropriate KPIs
June 2003	Business units develop functional program maps and determine data collection needs
July 2003	Business units submit a draft report of KPIs using historical trends, mid-year actual data, and a projected forecast to year-end
August 2003	Business Planning and Budgets develop consistent format of presentation and draft KPIs are forwarded to CAO for review

Sept./Oct. 2003	Various refinements to the KPIs are incorporated into the collection of third-quarter actual data.
Oct. / Nov. 2003	KPIs are evaluated in conjunction with the 2004 Business Plan and Budget review process.
Spring 2004	Reporting of 2003 year-end data and further evaluation and refinement of KPIs

Some fundamental aspects considered in the KPI development include indicators that:

- are readily available/easy to measure;
- together “tell a story” of all components of service delivery;
- are trended over time to illustrate historical increases or decreases;
- reflect the highest level of service provided by the business unit (and drilled down to more detail as required); and
- represent major portions of the budget (ideally 100%).

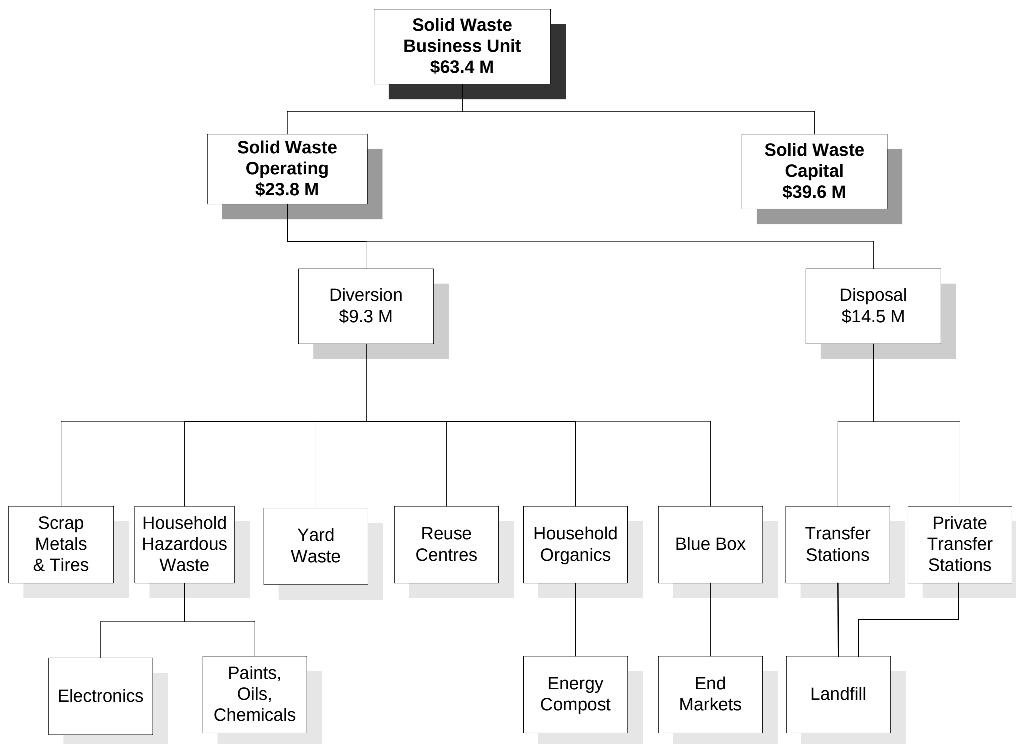
As a result of this process about 120 KPIs have been developed to track performance for delivery of key services throughout the Region. Currently these KPIs are in various forms of development and will continue to be evaluated for relevance and refined as needed.

4.3 Program Mapping

To establish the most appropriate level of measure for the KPI process that would give meaningful strategic information, it was determined that program maps for each business unit would need to be developed. These program maps were developed based on the functional responsibilities of each business unit and not necessarily aligned to organizational charts/responsibilities (see figure 2 below).

As the KPI process evolves, lower tier measures will be incorporated to further enhance the understanding of performance trends. These lower tier measures become vital as program performance is evaluated at more detailed levels.

Figure 2: Example of Functional Program Map



4.4 Benchmarking KPI Results to Others

The framework for tracking performance at York Region involves not only the trending of our service results but also the comparison of those results to other municipalities, public sector organizations, and, where relevant, private sector companies. By comparing performance to other similar organizations the Region can direct its focus to those program areas where service delivery results significantly deviate from industry standards. The sharing of performance results through benchmarking is an important component to developing best practices and continually improving operations.

York Region continues its participation in the Ontario Municipal CAO's Benchmarking Initiative (OMBI). This initiative involves comparing the Region's activities to those of other municipalities to continually search for innovative methods of service delivery.

4.5 Budget Development Using KPIs and Benchmarks

The use of key performance indicators (KPIs) in the budget development process provides the Region with an opportunity to evaluate resource needs for all business units at a strategic level. As part of the business planning and budget review process KPIs and benchmark information will be reviewed at the staff level to better understand efficiency and recommendations be made to Council on resource utilization.

The KPI framework enables service delivery information to be analyzed as a complete package for each business unit, and hopes to facilitate the resource allocation decisions of Council. The Region's approach to performance tracking using KPIs should result in a clearer understanding of the relationship between Council's service level decisions and budget resource needs, and what impact these decisions have on the York Region community.

KPIs can assists with resource utilization by:

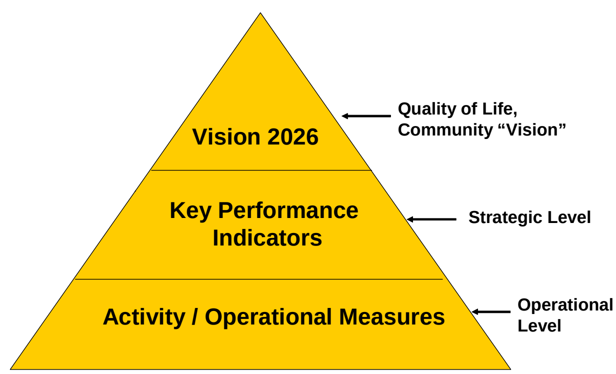
- helping to understand trends in cost per unit of service delivery;
- helping to identify drivers of service costs;
- measuring the impact of the community when services are increased or enhanced; and
- providing a balanced view for resource decisions by considering the impact to York Region's community and financial/efficiency implications.

It is anticipated that the use of key performance indicators (KPIs) will become an integral part of York Region's business planning and budgeting process.

4.5 Relationship to Vision 2026

The Region's approach to performance tracking using KPIs acts as a complement to Vision 2026. Currently measures are tracked at various levels of detail throughout the Region and fit into categories of the Performance Measurement Framework (see figure 3 below). Key performance indicators provide measures that represent service delivery of each business unit at a strategic level.

Figure 3: Performance Measurement Framework



5. FINANCIAL IMPLICATIONS

The use of key performance indicators for all business units will enable resource allocation decisions to be made at a strategic level with the consideration of how Council's service level decisions and staff's delivery of service affect resource needs.

6. LOCAL MUNICIPAL IMPACT

The Region provides essential services to all residents and businesses in York Region. The use of key performance indicators will track the community impact of Council's service level decisions as well as efficiency and effectiveness of service.

7. CONCLUSION

The Region's KPI framework helps to evaluate service provisions and delivery. The four types of measures, service level, community impact, efficiency, and customer service, ensure that a balanced view is applied to resource decisions. The KPI framework reflects Regional Council's role in establishing service levels and desired community outcomes, and staff's role in ensuring cost efficient and high quality delivery of service to the customer.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the May 6, 2004 Finance and Administration Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)