



*An Accountability Framework
for the City of Saint John*

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ACCOUNTABILITY IN MUNICIPAL GOVERNMENT

People want to know what is being accomplished with their tax dollars, not just how much is being spent where.

- ▶ Municipal governments across the country are experiencing increasing demands to be more accountable and transparent in their decision making. The public wants to be assured that their tax dollars are being spent on the things that matter to them, namely top quality services that enhance their quality of life. At the same time there is continued pressure on government to keep the property tax rate under control.

In setting out to improve accountability and transparency in public service delivery, we must create a common understanding of what these terms truly mean – to elected officials, service providers, and the public.

Accountability is reporting on the progress we are making towards achieving our goals.

- ▶ **Accountability is explaining publicly, in a clear and concise manner, decisions made and actions taken in carrying out the responsibilities of government.**¹ It is essentially a report card to the public on the performance of Council and the Administration – comparing the results of public service delivery with planned outcomes for the community.

Government must communicate with the public its responsibilities for service delivery.

- ▶ Where accountability becomes more challenging is in defining what the City is actually accountable for in relation to service delivery. Accountability begins with identifying municipal service offerings and the outcomes expected with service delivery. Services must align and support the community in the achievement of its vision. Without this common understanding of service responsibilities, the City becomes accountable for everything – an unrealistic expectation to manage within limited resources.

Government today is very complex – providing a diverse set of services to an equally diverse population with a wide range of needs. Government must provide balance in meeting the needs of the public, ensuring that service decisions are in the best interest of the entire community. As a result, it is very important that elected officials and service providers inform taxpayers what the government plans to achieve, what it is actually accomplishing, and what public services cost. With this information, taxpayers can make informed decisions about the level of service they desire.

Transparency supports the public's understanding of how decisions are made and the

- ▶ Transparency is a broad term that, quite literally, means something that can be seen through. It refers to the access citizen's have to information that will allow them to better understand the decisions and actions taken with respect to service delivery.² Transparency provides the basis for accountability, ensuring that there is public confidence in the government's report card on performance. When done well, transparency is an indicator

¹ Citizen's Circle for Accountability, *The Issue of Public Accountability: A Summary for Citizens*, 2008. <http://www.accountabilitycircle.org/>

² Texas Window on State Government, *What is Transparency?* <http://www.window.state.tx.us/comptrol/checkup/what-is-transparency.php>

results of those decisions.

Performance measures alone will not help meet accountability and transparency goals.

Government must track performance against planned outcomes.

An outcome is the desired benefit or changes we expect to achieve with the delivery of service.

Performance measurement is just one component of the accountability framework.

of a government that is citizen-focused and service-oriented.

▶ Performance measures are often viewed as a viable and transparent tool to demonstrate an organization's accountability for service results. **A measure is a qualitative or quantitative indication of whether a service target is being met.** Performance measurement is largely an information gathering exercise and as a stand-alone process will not help organizations demonstrate effective decision-making.³

▶ Performance measurement is more meaningful when it is tied to strategic planning initiatives – allowing municipal government to track progress against the things that *matter to the community*.⁴ Accountability in local government starts with an understanding of the needs of the public. From there, it is government's responsibility to design and deliver services that address those needs, identify intended outcomes from the delivery of those services, measure service results against planned outcomes, and make improvements where necessary.

In planning for the provision of service, all options must be considered as to how service is delivered including public sector resources, contracted services, or a combination of both. The goal is to ensure that government is effective in meeting the needs of the public, while using the most efficient means possible.

▶ Performance measurement is only one component of a more comprehensive and meaningful accountability system. Municipal government's ability to effectively demonstrate accountability must be supported by an accountability framework that defines the practices and procedures that guide service delivery towards the achievement of planned outcomes that support the needs of the community. The framework must be designed to help government demonstrate that it is meeting public expectations in terms of service delivery and make enhancements or improvements when necessary.

SAINT JOHN'S COMMITMENT TO DEMONSTRATING ACCOUNTABILITY

In 2008, members of Saint John Common Council adopted a number of goals describing what they would like to accomplish over their mandate. Council also identified a number of priority projects that will support the achievement of these goals. In drafting their goals and priorities, Council clearly recognized the need for an accountability framework.

³ Government of Alberta, *Module 3 Performance Measurement: Overview for Workshop Participants*.

⁴ Schacter, Mark, *Policy Brief No 3 Means... Ends... Indicators: Performance Measurement in the Public Sector*. Institute on Governance, April 1999.

Common Council's commitment to accountability.



Council's Goals

- We will have City services that are delivered efficiently and effectively at an equitable tax rate.
- Our citizens / ratepayers consistently recognize municipal service as being effective at a supportable cost.

Council's Priorities

- Value for money audit and management benchmarks will be complete. Upon completion, staff will develop a plan that mandates a report on efficiency and effectiveness three times a year.

The Corporate Strategic Plan outlines the Administration's commitment to accountability and continuous improvement.



The Administration of the City of Saint John has responded to Council's goals and priorities by identifying accountability as one of seven strategic focus areas in its *Corporate Strategic Plan*.

- The City of Saint John demonstrates accountability by establishing clear outcomes for all services, focusing on continuous improvement, and measuring and reporting on results.

As part of this goal, the Administration will create an accountability framework that will guide the City in setting service objectives, measuring performance, reporting on outcomes, and evaluating service delivery to make enhancements or improvements where necessary.

DESIGN CONSIDERATIONS FOR AN EFFECTIVE ACCOUNTABILITY FRAMEWORK

The accountability framework supports a culture of continuous improvement and credible performance reporting.



An effective accountability framework supports the City in achieving its accountability and transparency goals – to demonstrate the City is addressing the needs of the public, while ensuring that public funds are spent wisely and in areas that will derive maximum benefit. Considering this goal, the accountability framework must:

- foster a culture of continuous improvement with respect to service delivery; and
- ensure the City can tell a credible performance story.

Continuous Improvement

Continuous improvement involves the constant evaluation of service to find ways to better serve the public.

▶ The achievement of accountability and transparency objectives requires the City to establish a performance management system that focuses on continuous improvement. Continuous improvement is an organizational attitude, approach and philosophy to providing service. It involves the constant evaluation of service delivery processes to determine if they are effective in meeting the needs of the community while identifying inefficiencies, redundancies, or waste in those processes. The goal is to increase effectiveness, while ensuring that public funds are managed efficiently.

Service evaluations not only require an examination of how services are delivered, but must include who actually delivers the services. Funding services and service delivery are not the same. The City may choose to provide for a service but engage external service providers in cases where the capacity (resources or expertise) of the organization is exceeded or others can deliver the service at a lower cost with the same quality.

Credibility

Credibility refers to government's ability to show its services are worthwhile and well managed.

▶ The challenge for municipal government in meeting accountability and transparency objectives is defining a process that will allow public service providers to tell a credible performance story. Credibility relates to the ability of government to make a strong case to the public that a service is both worthwhile and well managed.

A well-developed accountability framework allows government to tell a convincing story, backed by credible data, about the value that service delivery is providing to the community. A credible performance story is one that is linked to strategic planning initiatives – identifying:

- the desired outcomes we want to see in the community;
- the steps that we will take to achieve those outcomes; and
- how we know that service delivery is on track to achieve these outcomes.

The system must have mechanisms in place to ensure that there is public confidence in the information that is being presented. Performance information that is understandable, timely, and validated by third party independent reviewers will go a long way to support the credibility of the accountability framework. The credibility of the system is further supported by its ability to provide the public with a clear understanding of the results of the City's current actions and how these results are used to enhance or improve service in the long term.

BEST PRACTICES IN DEMONSTRATING PUBLIC ACCOUNTABILITY

Performance measurement remains a challenge in the public sector – one that can be overcome.

- ▶ Demonstrating the value of municipal service through the reporting of performance measures remains a challenge for the public service sector. Performance measurement is a more difficult and controversial undertaking in the public sector than it is in the private sector. This is because performance measurement works best when there is clarity about *what* is being measured and *why*.⁵

Government is focused on improving lives in ways that cannot be easily measured.

- ▶ In the private sector, there is undisputable clarity as to why a service or business exists – bottom line profit margins that generate wealth for the owners. Government, on the other hand, is driven by the objective of improving people’s lives in ways that cannot be easily measured in dollars and cents. *How does a municipality accurately and consistently place a dollar figure on the quality of life experienced in the community?*

The potential exists to adversely affect the credibility of government in its performance if careful consideration is not given in the design of performance measures. Too many measures or ones that are not easily understood will likely provide little or no value to the public.

Performance measures are meant to provide decision-makers with insight on how to improve service to better meet the needs of the public. If measures do not address the needs of the public there is the potential to ‘chase the wrong measure’. As a result service delivery can become ineffective and inefficient if public funds are spent in areas where there is little or no value to the community in terms of their needs.

Others have experienced various degrees of success in measuring performance.

- ▶ Given these challenges, government continues to see the importance of performance measurement as part of an accountability framework. Across Canada, various performance management systems have been implemented with the goal of demonstrating the value of service delivery to the public. Ontario and Alberta have proven to be among the leaders in the development and implementation of these systems, with various degrees of success.

The Province of Ontario currently legislates annual reporting of over forty performance measures in twelve core municipal service areas. Ontario’s *Municipal Performance Measurement Program (MPMP)* was first implemented in 2000 – the first of its kind in North America. Its intention is to provide a standard set of measures that serve as benchmarks for municipalities across the province. The goal is to use this information to develop best practices in

⁵ Schacter, Mark, *Not a ‘Tool Kit’ Practitioner’s Guide to Measuring the Performance of Public Programs*. Institute on Governance, 2002.

public service delivery in order to improve efficiency.⁶ Since its implementation, the program has undergone a number of revisions to ensure that performance results provide value in the delivery of service.

Although standardized measures support benchmarking practices, a drawback to the MPMP is that measures are not tied to planned outcomes for the community. The prescriptive nature of this program does not guarantee that the standard measure will adequately address the needs of a particular community. The MPMP recognizes this weakness and recommends municipalities develop their own measures to address unique local situations or measure service in more detail.⁷ Most measures will need a qualitative explanation to support the measure – to set the context and provide the reader with guidance on how to interpret the information.

The Province of Alberta has developed a performance management system for its operations. Their program is based on a managing for results approach to performance management – linking their results with planned outcomes. *Measuring Up* is the Province’s annual accountability report to Albertans. The report consists of twenty-three core government performance measures indicating how well the province is achieving certain goals. Although there is no standardized performance management system legislated by the Province, a number of Alberta municipalities are following the lead of the Province and implementing their own systems.

Both of these provinces have shown leadership in public performance reporting, having chosen two different ways to accomplish their accountability goals. In reviewing their practices, there are notable challenges that must be addressed in the development of an accountability framework for the City of Saint John.

Performance measurement is an iterative process.

► Consistent in the experience of these practitioners is the conclusion that performance measurement is an iterative process. Both provinces have undertaken revisions of their programs to ensure they are meeting their accountability goals. Many of the lessons learned in Ontario and Alberta are incorporated into the City of Saint John’s accountability framework.

Saint John’s effort in performance measurement will demonstrate leadership in public accountability in

► Currently, the Province of New Brunswick does not have legislated public performance reporting requirements, other than providing access to financial statements. However, the Province has acknowledged a need for public reporting and the benefits that can be gained from such a program in the Jean-Guy Finn Report. The City of Saint John’s work in developing an accountability framework, and their experiences with measuring and reporting on performance, will provide excellent input into any provincially

⁶ Ministry of Municipal Affairs and Housing, *Municipal Performance Measurement Program (MPMP)* Province of Ontario, December 2008. <http://www.mah.gov.on.ca/Page297.aspx>

⁷ Ministry of Municipal Affairs and Housing, *Municipal Performance Measurement Program (MPMP)*. Province of Ontario, 2007. Page 25.

*the Province of
New Brunswick.*

*The accountability
framework will
help make better
informed decisions
about service
delivery.*

*The Framework
consists of
Strategic Planning;
Performance
Management; and
Reporting*

legislated program that may be created.

THE ACCOUNTABILITY FRAMEWORK

▶ An accountability framework holds a lot of promise. It can be a valuable tool in helping elected officials and the Administration make better informed policy decisions, determine the best use of limited resources, enhance service quality, and improve communications with citizens.

However, if the framework is not well designed and implemented properly, it has the potential to create a large layer of bureaucracy simply focused on producing complicated data and analysis that does not lend itself to solving performance issues, or worse, that no one reads. An effective accountability framework requires a balance between measuring performance and actually performing.

▶ The accountability framework developed for the City of Saint John is comprised of three key components; strategic planning, performance management, and public reporting and is illustrated in Figure 1. It identifies processes for:

- setting clear objectives through strategic planning or policy development;
- identifying measures to track the progress towards stated objectives;
- measuring performance;
- communicating performance results to the public and other stakeholders through regular reporting;
- comparing performance to desired results; and
- realigning or eliminating service offerings to enhance or improve service delivery with the goal of better addressing the needs of the public.

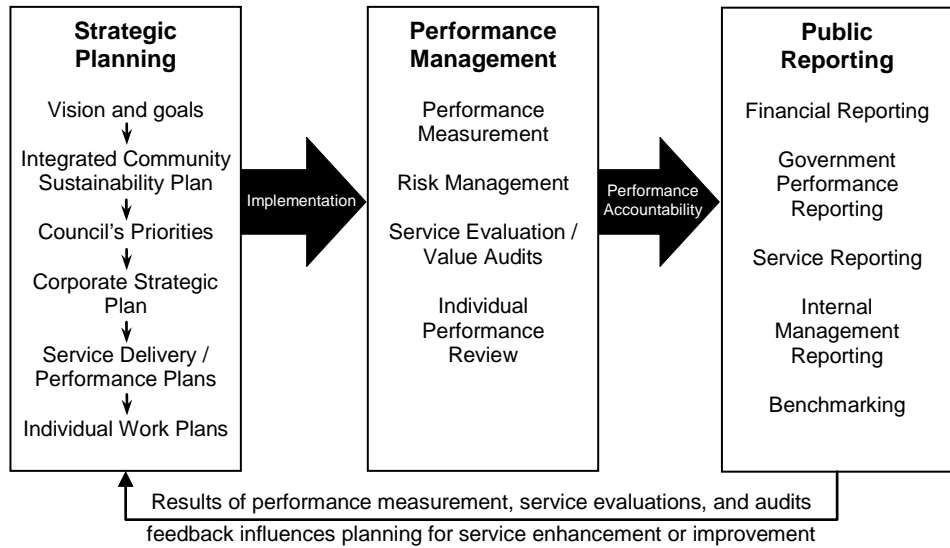


Figure 1: Accountability framework components (Concept taken from Saskatoon).

Planning

Performance management is supported by the City's planning framework – translating vision into action.

A managing for results approach to service delivery begins with a strategic planning process that identifies desired outcomes for the community over the long term and presents them in a concise and meaningful way. In June of 2008, Common Council adopted a planning framework that is designed to translate community vision into action.

The planning framework in Figure 2 describes an integrated approach to planning that guides decision-making in identifying what we need to do (outcomes) and how we do it in (actions) in order to realize the hopes and dreams for Saint John that are articulated in the community's vision and goals.

The planning framework supports a top down approach to planning. All planning decisions flow from the community's vision. Council will work with the community, with assistance from the Administration and its civic partners, to identify and prioritize outcomes that support the achievement of the community vision and develop strategies to achieve these goals. The administration and other civic partners plan and deliver services based on these strategic outcomes.

The planning framework essentially describes a partnership in the achievement of a community vision. Many stakeholders will contribute towards the outcomes that will help the community realize its vision. Among these stakeholders are all orders of government, private industry, non-government organizations and community groups, and citizens. With this in mind it is **important that responsibility for different service**

offerings is clearly communicated to the public. This will ensure that the City is held accountable for those services that it is actually responsible for.

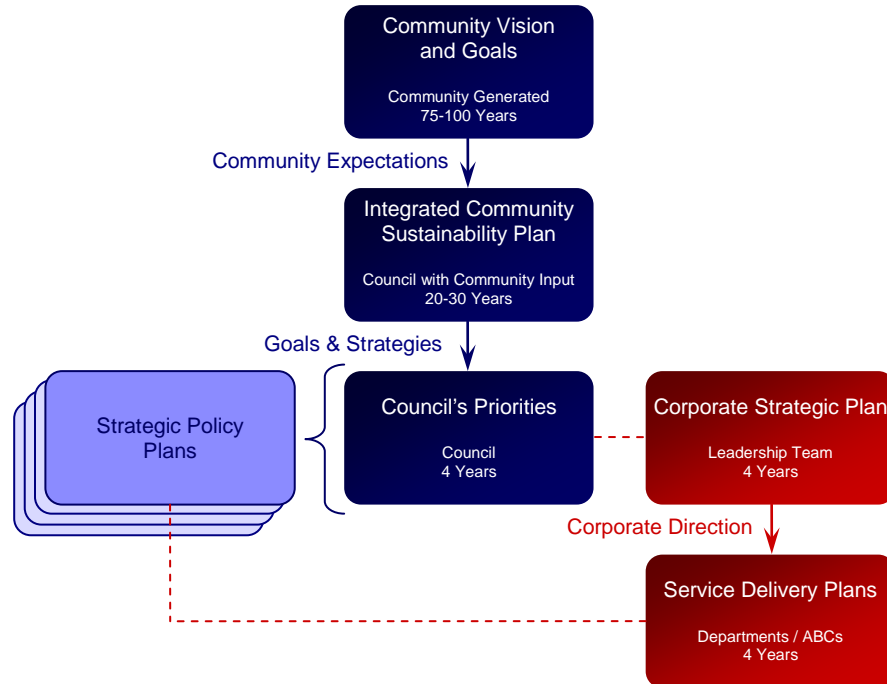


Figure 2: Planning Framework: Translating Community Vision into Action

Community Vision: A vision is a description of what a community’s success would look like at some point in the future. The vision is complimented by a set of goals that will support the community in the achievement of its vision. The visioning process identifies the community’s expectations that are then used to determine desired outcomes for the community.

Integrated Community Sustainability Plan (ICSP): The *ICSP* is a long-term plan developed in consultation with members of the community that provides the direction necessary to realize sustainability objectives that collectively support the environmental, cultural, social, and economic well-being of the community.

Council’s Priorities: With input from the *Community’s Vision and Goals*, the *ICSP*, and community consultation, Council identifies specific outcomes that can realistically be achieved during their mandate that directly support the achievement of the community vision.

Corporate Strategic Plan: The *Corporate Strategic Plan* provides the link between planned community's outcomes and the actions required by the City of Saint John to achieve those outcomes. The strategies identified in the plan provide direction to the corporation in the delivery of its services – ensuring that the Administration is effective in meeting the needs of the community and that services are delivered in the most innovative, sustainable and efficient way possible.

Service Delivery / Performance Plans: Service delivery plans provide a detailed administrative overview of how services will be delivered to successfully achieve community goals. Performance targets and measures are included in the plans to further define the delivery of service.

Individual Work Plans: Although not formally included in the planning framework, the *Corporate Strategic Plan* and service delivery plans provide the basis for individual work plans. These are shorter-term plans that guide the daily operations of employees, providing a mechanism to evaluate personnel performance.

A community visioning project was undertaken in 2007. The project was led by a Citizens Advisory Group to ensure that the public not only supported a vision for the future, but had an active role in defining this vision. The project had three goals:

1. Develop a set of sustainability principles for Saint John that would guide the community in the development of its vision and goals.
2. Create a shared community vision for Saint John through public engagement.
3. Identify outcomes or community needs that must be addressed in order to achieve the vision.

Vision Statement: ►
Our Saint John, Canada's first City, leads the nation as an example of a sustainable community.

In November 2007, Saint John Common Council endorsed the *Community's Vision and Goals* as well as sustainability principles. Saint John's vision is *to lead the nation as an example of a sustainable community*. As a result of this vision, service delivery must support the community in the achievement of its sustainability objectives as defined by the community's twenty year goals.

The community's vision, goals, and sustainability principles provided the input into the development of the City's *ICSP*. Approved by Common Council in December of 2008, the *ICSP* is a tool that can be used to ensure that the decisions we take today are directly aligned with – and moving us towards – our community's vision for the future.

Building a sustainable community by focusing on the social, cultural, economic, environmental, infrastructure and governance needs.

- ▶ The ICSP is designed around sustainability themes, specifically social, culture, economic, environment, infrastructure, and governance. These themes define the basic needs of a sustainable community. In order to help the community to achieve its vision to lead as a sustainable community, service offerings must support outcomes identified for the community in each sustainability theme.

The ICSP identifies a number of potential indicators within each of the sustainability themes. These indicators are seen as an important tool that can help show how Saint John is progressing towards sustainability. As the community implements the ICSP, further work will be undertaken to ensure that the indicators will adequately track this progress. In addition to the indicators, research will also be carried out to identify targets – a measurable goal that will steer the community towards sustainability. Both the indicators and targets for the ICSP will be incorporated into the City’s accountability framework.

Performance Management

Performance management is a process of continuous improvement.

- ▶ Performance management is a process of continuous improvement. It involves the regular assessment of an organization’s progress towards the outcomes stated as part of the strategic planning process and evaluates service delivery to recommend improvements. Performance management measures and evaluates the effectiveness, efficiency and quality of service delivery and personnel performance. As part of the process, an assessment of the risks that might impact an organization’s ability to achieve its stated goals and objectives is completed.

For the most part performance management involves internal processes that help shape the City’s performance story. However, to ensure the credibility of performance results, external evaluation of the measures and reporting processes must be completed. External evaluation of service delivery, in the form of value for money audits, will provide further validation of the City’s commitment to providing quality service that meets the needs of the public.

Evaluating Effectiveness Through Citizen Satisfaction Surveys

Focus on citizen satisfaction as external validation of public service performance.

- ▶ Perhaps the most important validation of service delivery performance is that of the public. Citizen satisfaction surveys provide an excellent input into evaluating the effectiveness of public service. It is a method that can be used to better understand the value of service offerings from the public’s perspective. Citizens are engaged in dialogue that asks what they think about the delivery of public service, what their expectations are, and what they see as priorities for improvement.

As part of the accountability framework, citizen satisfaction surveys must be

Citizen satisfaction is determined through independent administration of an annual survey.

► carried out on an annual basis to ensure Common Council and the Administration has an understanding on what matters to the community and how well we are addressing those needs. Largely focused on measuring effectiveness, the Administration will lead the development of survey questions. A third party organization will carry out the survey to provide credibility and reliability in the survey results. Many Canadian municipalities use customer satisfaction surveys including Calgary, Edmonton and Ottawa to evaluate the effectiveness of service delivery.

Drivers to citizen satisfaction include:

- *Timeliness*
- *Staff*
- *Positive outcome*
- *Access*
- *Experience*

► The citizen satisfaction survey will be created using the research and tools created by the Institute for Citizen-Centred Service (ICCS) with its *Citizens First* initiative. The mission of the ICCS is to promote high levels of citizen satisfaction with public service delivery.⁸ In their research they have determined that there are five drivers to citizens' satisfaction with public service – each of which must be incorporated into the City's survey. They identify why some people are satisfied with service while others are not.

Timeliness: Citizens' needs are addressed in a timely manner - the single most important driver across all services, all governments.

Staff: Customers appreciate knowledgeable staff who treat them fairly and 'go the extra mile', make that extra effort.

Positive outcome: "I got what I needed".

Access: Service was easy to access.

Experience: Citizens' recent experiences with services.

Performance Measures

Performance measures provide information required to make decisions with respect to service delivery.

► A key component of performance management is measurement. Performance measurement plays a significant role in improving the accountability of municipal government and acts as an information source for policy and management decision-making with respect to service delivery. More specifically, the benefits of performance measurement include⁹:

- **Strengthening accountability** – demonstrates government's responsiveness to community needs in its allocation of public funds by using well designed performance measures to document progress towards the achievement of stated goals and objectives.
- **Supporting strategic planning and goal setting** – supports

⁸ Institute for Citizens-Centred Service, *Institute for Citizen-Centred Service*. <http://www.iccs-isac.org/en/>

⁹ Government of Alberta, *Module 3 Performance Measurement: Overview for Workshop Participants*.

the active implementation of strategic planning initiatives by providing a mechanism to ‘hold government’s feet to the fire’ in terms of measuring progress towards planned outcomes.

- **Enhancing decision-making** – enables the Administration to respond more rapidly to changing conditions, not only identifying problem areas that need attention, but bringing to light approaches that are working well and can be replicated in other operational areas, through the provision of accurate and up-to-date information on the progress related to achieving planned outcomes.
- **Supporting personnel management** – improves employee motivation by making the connection between the work they do and how it contributes to planned community outcomes.
- **Encouraging collaboration** – created an environment that encourages cross-departmental and agency communication to develop operational strategies that effectively and efficiently achieve community outcomes by setting clear performance targets.
- **Improving customer service and communication with the public** – enhances the public’s understanding and support of public service with the ability to better manage performance messaging.

Effectiveness assesses if service is having the desired impact in the community.



Most performance management systems focus on operational performance reporting that include effectiveness and efficiency metrics. Effectiveness assesses whether or not services and their related programs are having the desired impact in the community in terms of achieving planned outcomes. They speak to the value derived from the delivery of service. Efficiency focuses on the cost of achieving intended outcomes.

Efficiency assesses if public funds are being spent wisely and in areas that derive maximum benefit in the community.



Historically, government has focused its reporting on efficiency – measuring what it has produced in terms of output (e.g., the number of lane kilometers of roadway paved). Such measures tend to focus on how busy government has been rather than on the value that has been realized in the community (i.e., how is the community benefiting from paved roadways). Although there is a need to report on efficiency, focusing too heavily on output often results in local government losing sight of its role in the community. More recently there has been a shift in reporting priorities with government putting a greater emphasis on effectiveness – supporting the concept of managing for results.

In addition to effectiveness and efficiency measures, government has an

obligation to report on its financial performance and compliance requirements. Financial performance reporting compares actual spending with that of budget allocations and confirms that services were managed in accordance with sound financial management principles and controls. In terms of compliance, local government must demonstrate that it is delivering service in accordance with relevant laws, authorities, policies regulations, standards and accepted standards of conduct.

A Tiered Approach to Performance Measurement

The accountability framework is designed based on the premise of managing for results – ensuring that the City’s services meet the needs of the public, while making sure public funds are used efficiently. Aligning performance measures with planned outcomes supports the development of a tiered approach to performance management. Figure 3 proposes performance measures that directly relate to strategic planning initiatives as defined by the City’s planning framework that translates community vision into action.

Performance reports will consist of a limited number of measures in the categories of community outcome, service and internal management measures.

A tiered approach to performance management consists of three different categories of measures to report on performance; community outcome measures, service measures, and internal management measures. Each category of measures addresses various planning initiatives and employs different types of measures to communicate the impact service is having in the community. The City of Saint John will report on service performance with a limited number of measures in each of these categories.

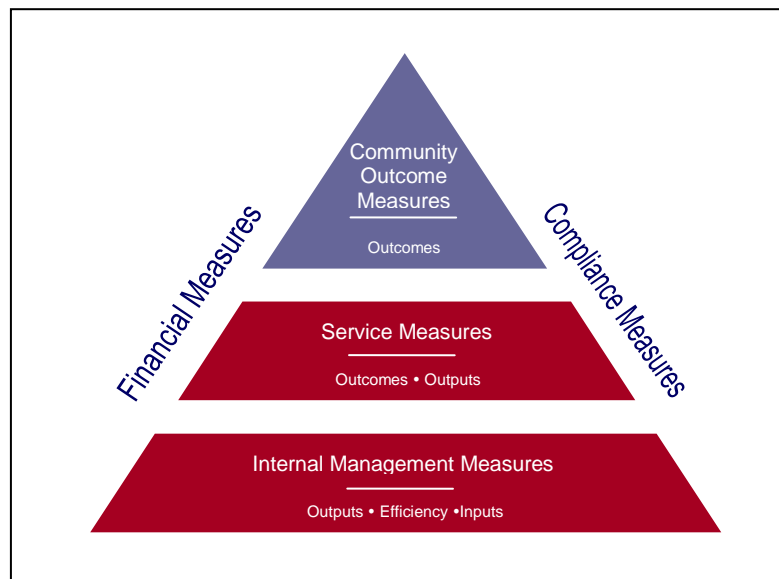


Figure 3: Tiered Approach to Performance Management (Concept taken from the Province of Alberta)

The first tier consists of community outcome measures that represent macro

Community outcome measures report on outcomes that are priorities in the community.

Service measures report on the impact that service delivery is having in the community.

Internal management measures support the enhancement and improvement of service delivery.

► level measures and report on high level outcomes that are priorities for the community. These measures directly correspond to the initiatives set out in the *Integrated Community Sustainability Plan (ICSP)* and the priorities set by Council. Within this tier, effectiveness measures are created to determine the progress being made on achieving the goals identified during the planning phase and the impact they are having in the community.

► The second tier consists of service measures. These measures focus on the outcomes and outputs generated as a result of service delivery. As part of the *Vision 2015* process, a project was undertaken to identify the services currently provided for by the City of Saint John and its agencies, boards and commissions. Within this tier, several key performance measures will be identified to report on the impact these services are having in the community. The information generated within this tier of measures directly supports the community outcome measures.

► The third tier encompasses *internal management measures* that provide service specific information and additional support for the higher level measures (i.e., community outcome and service). Service specific and administrative indicators examine the outputs, efficiency and inputs associated with service delivery and provide management with information on day-to-day activities, including those public services that are carried out by external consultants or contractors.

Although some internal management measures may be of interest to the public, the data gathered as part of the third tier are created to support service providers in enhancing or improving the service delivery – ensuring that service is having the desired impact in the community at a reasonable cost.

Table 1: Summary of Performance Measures

Tier	Purpose	Primary Measure	Primary Audience
Community Outcome (Tier I)	Progress towards Council's goals and priorities	Effectiveness	Public
Service (Tier II)	Determines impact service is having in the community	Effectiveness / Efficiency	Public / Administration
Internal Management (Tier III)	Supports service enhancements and improvements	Efficiency	Administration

Incorporating the Balanced Scorecard into Performance Measurement

Ensuring a balanced view to public performance – both financial and non-financial measures.



The balanced scorecard is a strategic planning and performance management system that is used to align business actions with the strategy required to achieve a vision, improve internal and external communications, and monitor performance against strategic goals.¹⁰ Originated by Drs. Robert Kaplan and David Norton, the balanced scorecard adds strategic non-financial performance measures to traditional financial metrics, giving stakeholders a more balanced view of organizational performance. Although largely developed for the private sector, it has successfully been adapted to meet the needs of government.

The reason for introducing the balanced scorecard into the accountability framework is to ensure that the City provides a ‘balanced’ view to its performance reporting. The balanced scorecard suggests that we view service delivery from four different perspectives: community (customer), business process, financial, and learning and growth. Therefore, we need to design measures that address each of these perspectives. The following is a description of how these perspectives apply in a public service organization.

Is the organization delivering the services the public needs?



Community Perspective - Servicing the Community.

Organizations determine who their customers are and identify their respective needs. This analysis provides the information necessary to tailor services to specific customer groups in order to satisfy specific needs.

Government must consider the difference between public service and customer service in reporting on its performance.



The balanced scorecard actually refers to this perspective as the customer. Within the public sector, government must remain aware of the differences between public service and customer service. It is important to understand the needs of individuals within the community; however, government must make service decisions that are in the best interests of the *entire* community as defined by the Municipalities Act. This can be quite a challenge given the diverse set of needs that often compete for the same public funds (e.g., balancing the need to support development without adversely affecting the natural environment).

Can the organization improve upon a service by changing the way it is delivered?



Internal Process Perspective - Managing Operations.

Managers need to focus on those critical operations that enable them to satisfy citizens. Improvements in these areas should be driven by the ability of the organization to meet the needs of the community, rather than the “bottom line” approach of evaluating cost, quality and time.

Financial Perspective - Managing Resources. Managers must

¹⁰ Balanced Scorecard Institute, *What is the Balanced Scorecard?*
<http://www.balancedscorecard.org/BSCResources/AbouttheBalancedScorecard/tabid/55/Default.aspx>

Is the service delivered at an acceptable price?



focus on how to meet service needs in an efficient manner – ensuring public resources are allocated to achieve value in the community.

Is the organization maintaining technology and employee training for continuous improvement?



Learning and Growth Perspective - Developing Employees.

An organization's ability to improve and meet citizen demands ties directly to an employees' ability to meet those demands.

The accountability framework will tie its performance measures to strategic planning initiatives. In designing performance measures, each of the perspectives of the balanced scorecard must be taken into account to ensure that a *balanced* view of service delivery is communicated to the public. Referencing the balanced scorecard, an accepted performance management tool, in the development of the accountability framework provides added credibility in its application.

Process for Creating Performance Measures

Performance measures for the top tier of the accountability framework, community measures, will be created as part of the implementation and monitoring of the ICSP. Other measures will be created to track progress being made on Council's priorities. Although some statistical data will be used to support the measurement of the community's journey towards its goal of sustainability, many of these measures will be qualitative in nature – detailing what has been accomplished and the impact these accomplishments are having in the community.

Six step process for defining measures



1. Identify Services
2. Identify Service Level Standards
3. Create Logic Models
4. Identify Service Objectives
5. Create Performance Measures
6. Obtain External Validation

A six (6) step process is proposed to aid in the development of service and internal management measures (second and third tier). These steps do not need to be completed consecutively. Depending on the information available, the steps can be completed out of order; however, they all must be completed to tell a complete and meaningful performance story and to make recommendations regarding the enhancement or improvement of a particular service.

Step 1: Identify Services

Creating meaningful measures that will allow the City of Saint John to tell a credible performance story requires an understanding of the services the City is accountable for. Services are identified and defined in accordance with the Governments of Canada Strategic Reference Model (GSRM).

Services are defined based on their service output – the final, end result that is valued by the community. This means that services reflect the things that

Services are defined based on the value of service results in the community.



matter to the community. The GSRM methodology is a shift from the traditional process of defining service which is to group similar service activities that are undertaken within a single department or agency.

An initial set of service profiles has been completed for all of the City's current service offerings, including those of the City's agencies, boards, and commissions. The steps used to complete these service profiles and a list of the City's public facing services can be found in an attached appendix. A Service profile includes the name of the service, a description of the service, its value or benefit to the community, the service output, and related service processes. Annual review of service profiles will be undertaken to ensure the information is current and relevant.

As performance results become available, the City will need to evaluate its current service offerings against the desired outcomes for the community. Decisions will be required to determine if:

Performance results will help the City better align its services to meet the needs of the public.



- services contribute to planned community outcomes and will continue to exist;
- modifications (enhancements or improvements) to services are required,
- services need to be eliminated, or
- new services are required to fill in service gaps.

Step 2: Identify Service Level Standards

A service level standard describes the amount and kind of service that is appropriate to meet the needs of the public. Standards are created based on industry best practices and public consultation. Service level standards provide the basis for the development of service objectives or performance targets. The process for identifying service level standards for each service includes:

Public consultation is an important input in the development of service level standards.



- a) identifying our current standards (where they exist);
- b) evaluating where we should / want to be (desired standard) in reference to what others are doing or what the public expects based on our experience; and / or
- c) establishing new standards based on an analysis of current versus desired standards (cost-benefit analysis).

Service level standards determine the resources required to deliver service.



Service level standards will also play an important role in the decision-making process with respect to service delivery. They determine the level of resources required to perform and deliver service. For example, bi-weekly solid waste collection may cost the public an average of \$100 annually, while weekly collection would cost \$150 (Note: Not actual figures). Given the constraints of public funding, decision makers will have to determine if a higher level of service has value in the community and is worth additional funds.

Step 3: Create Logic Models

Logic models describe how a service works.



The logic model is a planning tool that allows organizations to map out how their services work to achieve desired benefits. It is a systematic and visual way to present relationships among the resources available to deliver a service, the processes that are planned, and the changes or results that you hope to achieve. Once a service has been described in terms of the logic model, critical measures of performance can be identified.

Logic models show how human and financial resources contribute to achieving desired results.



The purpose of a logic model is to provide stakeholders with a road map describing the sequence of related events connecting the need for the service with its desired results. Mapping services helps you to visualize and understand how human and financial investments can contribute to achieving your intended service goals and lead to service improvement. The following is a list of benefits gained by creating logic models for services.

- Provides a tool to develop a realistic idea of what a service can accomplish.
- Provides a mechanism to evaluate service delivery and develop improvement strategies with the identification of outputs and outcomes required to create meaningful performance measures.
- Offers a communication tool that provides stakeholders with an understanding of a service in a concise and compelling way by summarizing the key elements of a program.
- Provides a model that helps employees gain a common understanding of how the service works and their responsibilities to make it work.

Logic models are diagrammed as a series of boxes representing inputs, outputs (including processes, activities and strategies), and outcomes (Figure 4). Because they are pictorial in nature, they require systematic thinking and planning to better describe programs.

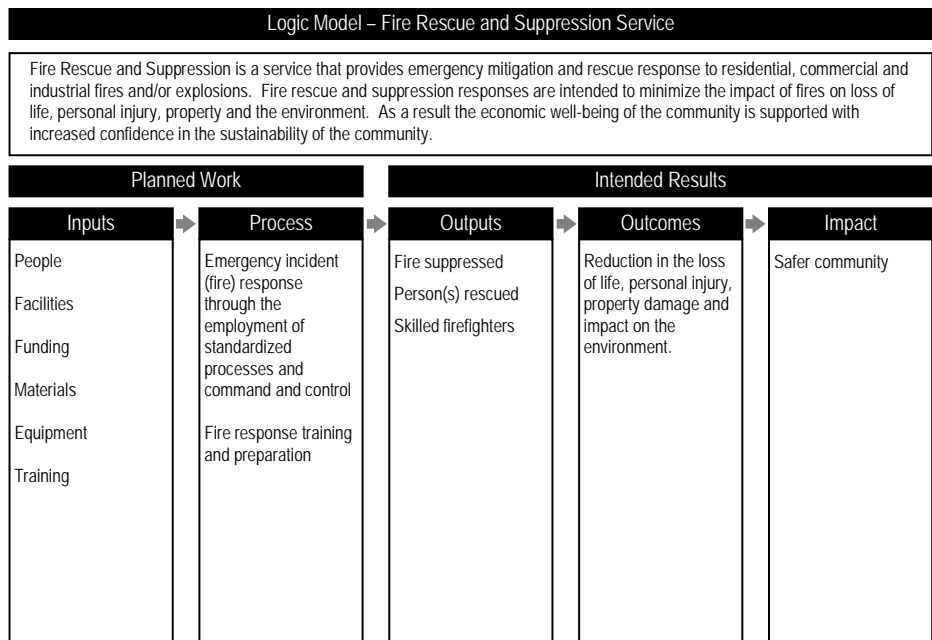


Figure 4: Logic model example for the Fire Rescue and Suppression Service

Relevance: An explanation why the service exists, who it is intended to help, and links it to the strategic initiatives identified by the community, Council and/or the organization.

Planned Work: Describes what resources we will need to deliver the service and what we intend to do.

- *Inputs:* The resources (human, financial - materials, equipment, time, space, and knowledge) that we invest into the service to produce intended results.
- *Processes:* A series of planned actions that are used to bring about intended service changes or results.

Intended Results: Describes the benefit to the community that we expect to achieve as a result of delivering the service.

- *Outputs:* The direct results or products of service delivery.
- *Outcomes:* The benefits or desired change in the community that we expect to achieve with the delivery of service. These outcomes describe shorter-term benefits that contribute to the long-term goal of service delivery.

- *Impact:* The long-term goal of the service.

Ideally a logic model is contained within a single page with enough detail that it can be easily explained and understood by other people. The value of a logic model is that it visually expresses beliefs about why the program is likely to succeed. Because it is visual, it will be easy to remember. If the logic model has so much detail or is so complex that it cannot be remembered, it loses some of its value. On the other hand, if the model is contains not enough information, then it may not communicate the program’s logic well enough to be useful.

As a service grows and develops, so does its logic model. A logic model is merely a snapshot of a service at one point in time. It is a work in progress that can be redefined as the service develops and achieves desired results.

Step 4: Identify Service Objectives (Performance Targets)

The logic model helps to identify outcomes expected as a result of service delivery. Once the outcome has been identified, actions must be identified to support the achievement of desired results. Setting service objectives and performance targets help to define these actions.

Logic models will change as a service develops and achieves desired results.



A service objective is a precise, measurable statement of what the service intends to achieve during a specific period of time toward a particular desired outcome as defined in the logic model. Service objectives must also support the organization in meeting established service level standards.

Service objectives are actions that will ensure services achieve desired outcomes.



The development of service objectives generally follows SMART principles. Objectives must be **s**pecific, **m**easurable, **a**ttainable, **r**ealistic, and **t**ime-bound. Once established, the service objective becomes the basis for the performance measure – ensuring that performance measures are linked to strategic planning initiatives.

As an example, the desired outcome of the Fire Suppression and Rescue service is to minimize losses due to fire. In order to meet this goal, the fire service must be able to make it on scene as soon as possible. So a reasonable target is to ensure that fire response times as set out by the service level standard are met eighty (80) percent of the time.

Due to external factors that may influence service delivery it may not be reasonable to meet service level standards one hundred (100) percent of the time. In setting performance targets it is important to strike a balance between meeting public expectations and not setting something too low to simply achieve the target.

Step5: Create Performance Measures

Completed logic models are used as a guide to create effectiveness and efficiency. These measures will help communicate the progress being made toward achieving service objectives and performance targets in support of service level standards for each service.

Selecting which measure to use is part art and part science. The choice of measures will largely depend upon the intended audience and what they want to know. Measures should be selected to ensure that the City is telling a credible story with respect to how it is performing. Criteria for assessing the suitability of performance measures, including the method for evaluation, are outlined below.

Criteria for selecting performance measures:

- *Understandable*
- *Reliable*
- *Cost-effective*
- *Comparable*
- *Results-oriented*
- *Timely*
- *Within Sphere of Influence*
- *Credible*

Understandable: The measure can easily be interpreted by Council, the Administration, and the public to evaluate the value and make decisions related to service delivery. Evaluation of this criterion requires feedback from the public on how easy it is to interpret performance results. Initially, feedback will come internally from other service areas.

Reliable: The measure consistently provides the intended result accurately and limits subjectivity. Evaluating reliability of the measure requires an understanding of the data that is needed to calculate the measure – ensuring that the data can consistently and accurately be reproduced.

Cost-effective: The resources required to calculate the measure (on an on-going basis) do not exceed the value of the performance measure. Evaluating cost-effectiveness requires an understanding of the effort (time and money) needed to calculate the measure and weighing that cost against the value of having the measure (i.e., cost-benefit analysis).

Comparable: The measure can be used to benchmark performance against ourselves (from period to period) and other organizations – ensuring that we are using comparable indicators (i.e., apples with apples). Evaluating comparability requires an understanding of what and how other organizations are measuring service outcomes and outputs for effectiveness and efficiency quality.

Results-oriented: The measure supports the ability to report on the progress towards the achievement of strategic goals. Evaluating on how well a measure describes progress requires an understanding on how services align with strategic goals (i.e., how outcomes and outputs contribute to the achievement of stated objectives).

Timely: The measure can be calculated and reported with enough time to be useful in decision-making. Evaluating timeliness requires an understanding of how much time it takes to generate performance reports and how the information will be used.

Within influence: The measure is linked to service objectives that can be influenced by policy decisions. For example, it is unreasonable to set targets for the number of snow storms that will occur. The targets should focus on how well the resulting snow will be cleared from roads and sidewalks. Evaluating the degree to which outcomes and outputs can be influenced requires an understanding of the service and what is in the control of those making decisions.

Credible: Users of the measures must have confidence in the validity of the data. Reporting of performance information will have appropriate third party evaluation of the measure and related data.

Developing performance measures is an iterative process. It is unlikely that suitable measures will be developed on the first try, and will require revisions to find measures which will provide adequate information to support the City's performance story.

▶ *Developing performance measures is an iterative process.*

Step 6: Obtain External Validation of Measures

It is important that the public has confidence in the results that are being reported. In order to ensure an acceptable level of public confidence, an external consultant will be engaged to review and validate the measures, data, and the processes used to create them. The external review will follow the criteria for creating measures that is outlined in this document.

▶ *Performance measures must be validated by a third party independent reviewer to ensure credibility in the accountability framework.*

Responsibility for Performance Measurement

Everyone will have an opportunity to participate in the accountability framework – including elected officials, the Administration and the public. Strategic planning to determine service outcomes is the responsibility of all stakeholders. A collaborative approach to planning ensures that decisions are balanced and are developed in the best interest of the community.

▶ *Everyone has a responsibility for demonstrating accountability – elected officials, the Administration*

Ownership is critical in sustaining any type of reform. Therefore, development of performance measures will be undertaken by those responsible for delivering on planned outcomes, coordinated through the Corporate Planning Office. Service providers will also provide the expertise required to create relevant and feasible performance measures.

and the public.

A collaborative approach to the development of performance measures will be used – meaning that practitioners from across service areas will work together to design measures using input from the public. Performance measures developed in this manner are most likely to result in measures that are not only accepted, but are technically feasible.

Service-Based Budgeting

Service-based budgeting is an integrated annual performance plan and budget that shows the relationship between funding levels and expected results on a service by service basis. It indicates that performance targets should be achieved at a given level of spending.

Service-based budgets show the relationship between funding levels and service expectations.

▶ Service-based budgeting is a departure from the traditional departmentally focused budget structure. Rather than listing departments and their budget allocations, the budget will focus on how money is being dedicated to services to achieve desired outcomes for the community such as fire prevention or revitalizing priority neighbourhoods.

A service-based budget is one that not only informs the public of the amount of dollars allocated to a particular service, but also the intended benefit those dollars will provide to the public. Allocating limited resources in this manner allows decision-makers to clearly see the performance trade-offs between alternative spending plans. The result is better informed decision-making with respect to resource allocation.

A requirement for effective performance management is the implementation of service-based budgeting. It supports the development and reporting of effectiveness and efficiency measures. The City of Saint John will implement service-based budgeting for the 2010 budget process.

The experience of other municipalities indicates that it will take at least one year to realize the benefits of service-based budgeting.

▶ Service-based budgeting will represent a fundamental shift in the way the City of Saint John currently undertakes the budget process and will take considerable effort to achieve these results. A number of Canadian municipalities have made the shift to service based budgeting. More recently, the City of Winnipeg presented their 2007 operating budget in a service-based format. They recognized that it would take at least a year from its implementation to realize the benefits of service based budgeting. Now in their third year of implementation, The City of Winnipeg has realized some of these benefits and continue to tweak the budgeting process to better serve their community.

Service Evaluation and Value for Money Audits

A key benefit to performance measures is their ability to actually help enhance or improve service. Measures indicate when service delivery meets or exceeds performance targets. They also throw out flags when service fails

Performance measurements help enhance or improve service delivery.



to meet service objectives. In both cases, performance information can be used to conduct internal reviews of service processes to ensure that service is effective in meeting the needs of the public and that it is being delivered in the most efficient manner possible.

Where services are not meeting performance targets in terms of effectiveness or efficiency improvements to service delivery are recommended. Service providers should view this as an opportunity to ‘think outside the box’ and implement new and innovative approaches to municipal service delivery.

Performance measures can also indicate when it may be possible to enhance service delivery. In cases where service providers are consistently meeting performance targets, there may be an opportunity to change the level of service. It may be possible to enhance service with minimal or no resource investment and increase value to the public.

For the most part, service evaluations are intended to be an internal management processes. Depending on the complexity of service expectations and performance issues, it is likely that this will be the most feasible option. Service providers have considerable experience and expert knowledge in their fields. Using external consultants for all service evaluations will result in additional costs that may not add value to the service in the longer-term.

Independent consultants are used in the evaluation processes where necessary.



In cases where considerable effort is required to improve service delivery, time requirements or expert knowledge beyond that of the service providers, it will be necessary to engage an external consultant. A full cost-benefit analysis must support the decision to take this action.

Value for money audits should be done in areas that will derive the most benefit.



A value for money audit is essentially an external review of service to ensure that the public is receiving value for their money. While they provide external validation as to the value of service delivery in the community, they should be undertaken in service areas that will derive the most benefit. Consulting and auditing fees can add costs that may not necessarily result in added value to the public. The audit may only serve to validate how service is currently delivered.

Decisions to undertake a value for money audit can be supported by performance results or as a measure to improve credibility with the public with respect to service delivery. In either case, the decision should be weighed against some pre-determined criteria to ensure that the audit is feasible and will result in realistic service improvement recommendations.

The decision to undertake value for money audits can be supported by



The first step in undertaking a value for money audit is to clearly define the objectives of the audit – what you want to achieve. Clearly identifying objectives will ensure the cost of performing the audit can be managed. Examples of objectives may be to simply validate that the City is effective and efficient in meeting the needs of the public or may require the

performance measurement results.

There must be a clear understanding of why the value for money audit is being conducted.

The accountability framework identifies the need to report on personnel performance.

consultant to provide recommendations for service enhancements or improvements.

► Individual Performance Review

Within the strategic planning component of the accountability framework, managers will be required to create individual performance plans. These plans will focus on the managers ability to lead employees (and other stakeholders if required) in meeting service objectives. Individual performance plans will also include measures that reflect the growth and learning perspective of the balanced scorecard. Plans will be created for other employees in the organization as the need arises.

Evaluation of individual performance will follow the roles and responsibilities as set out in the City's proposed strategic decision-making model (i.e., Council-Committee System). Council will be responsible for evaluating the performance of the officers that report directly to them, namely the City Manager, Commissioner of Finance, City Solicitor, and Common Clerk. The City Manager will evaluate the performance of the Department Heads.

More detailed information into individual performance management will be undertaken in a separate project.

Managing Service Data

The ability to accurately report on the performance of service delivery requires reliable and meaningful data to support the calculation and validation of effectiveness and efficiency measures. Like many municipalities, the City of Saint John collects large amounts of data related to its delivery of services. The question is whether or not this data supports the City in meeting its accountability and transparency goals.

Data collection requires resources in terms of both time and money. Ensuring that we are both effective and efficient in our methods for collecting performance related data will require service areas to review what they currently measure and their collection methods.

Data collection must exist to validate compliance with regulatory requirements; to tell a credible performance story; and to enhance or improve the delivery of service by addressing any variance in performance results. For some services, adequate data is being collected to calculate performance measures. Other services will require new data collection schemes to produce performance results. There may be cases where service areas may want to stop measuring a certain aspect of their service to provide more resources in the creation of more meaningful performance data.

Reporting

Information presented to councillors, managers and the public influences their decisions. All performance reporting should help answer the questions: 'Is service delivery meeting the needs of the community in the most efficient manner possible?' and 'What do I need to know to make sure things get better?'

Instead of reporting large volumes of data, successful municipalities select key measures that provide a balanced view of performance and are relevant to their specific audience – elected officials, the Administration, the City's agencies, boards and commissions, other stakeholders, and the public. This approach to public performance reporting supports the tiered system of performance measures described earlier.

Select a few meaningful measures to report.



Performance reporting is often complimented with a visual representation of progress on key strategic outcomes for the community. This reporting is referred to as traffic light reporting, using colour to show where there has been achievement of specific targets or when a target is at risk of not being met. This type of reporting helps to ensure that problems are addressed early. It also provides a method for reporting that makes it easier for the public to better understand performance results.

Graphical representation to make reporting easier to understand.



Simply reporting performance based on some measure or a colour code cannot explain success or failure. In some cases, extra analysis may be needed, using statistical or graphical presentation to understand the trend, history, and probable future direction of performance. Service managers who collect performance information have a responsibility to identify areas where additional analysis can help. Equally, senior managers and councillors have a responsibility to ask for and provide resources for additional analysis if necessary.

Performance information must be reported in a timely manner to be useful.



In order for performance information to be useful, it must be communicated to various stakeholders in a timely manner. The public needs performance information to assess whether government is providing service that meets their needs in a cost effective manner. This information is also relevant to other levels of government and business interests that are looking to make investments in the community. Council and public service managers must have accurate and timely information to make decisions regarding performance enhancements and improvements.

Careful consideration must be given to the frequency and type of performance reports that are published. Providing the public with too much information does not necessarily improve accountability. Measures that are not meaningful to the public or are too complex run the risk of not even being read.

Frequency of reporting must ensure that the public is not over-whelmed with performance data.



Reporting Commitments

Initially, the public can expect an update to public performance reports three times a year to coincide with the City's financial reporting. This does not mean that all measures will be updated, only those where value will be gained in doing so. A final report on annual performance will be presented in conjunction with the City's annual financial statements.

The initial implementation of the City's public performance reporting will include a report on the progress being made on the goals identified in the *Integrated Community Sustainability Plan (ICSP)* and *Council's Priorities*. These measures represent tier one performance measures.

In addition to community outcomes, service measures will also be included in public performance reporting. Initially, several key measures in a number of the City's public facing services will be presented to the public. As the Administration gains experience with the reporting system, other measures will be included in the report. The City will work with a number of its agencies, boards and commissions to develop performance measures and provide performance reports.

Internal management measures related to day-to-day operations will not formally be reported to the public, although may be available upon request. These measures are meant to be used by service providers to enhance or improve service delivery.

The City is in the process of evaluating technology that will be used to report performance information. The City of Whistler is an excellent example of performance reporting that is easy to read, is interactive, and allows the municipality to report on its sustainability objectives.

Benchmarking

Benchmarking is the practice of measuring an organization's performance and practices in key areas and comparing them with other organizations to find ways of achieving better results. The goal of benchmarking is to discover what the best practices are that lead to better performance – supporting a culture of continuous improvement. Local government can achieve greater effectiveness, efficiency and accountability through benchmarking.



Benchmarking is the practice of comparing performance results with other organization.

Although most people view benchmarking as a measure to cut costs, there are other equally important goals. Benefits gained from benchmarking include increasing service levels to citizens and ratepayers; improving the quality and responsiveness of service; and making the job easier and quicker for staff.

More benefits to benchmarking than cutting costs.

Benchmarking practices must ensure that you are comparing apples to apples.

The creation of a performance management network will benefit all in enhancing and improving service delivery.

- ▶ Benchmarking can have positive benefits with respect to enhancing or improving service delivery. However, caution must be exercised in making comparisons too quickly, before there is an understanding of what measures mean across organizations. This is the case of ensuring that governments are comparing ‘apples to apples’. Using the performance information from other organizations requires an understanding of expected outcomes from service delivery, service levels, and the data included in measurement calculations.

Benchmarking is a recommended process as part of the accountability framework. However, given the many differences across municipalities in their delivery of service, benchmarking must be supported by a performance management network.

The performance management network will be designed to facilitate regular consultation among comparable cities, namely Fredericton and Moncton, within the Province of New Brunswick, to gain a better understanding of their performance measures and service delivery operations. The goal will be to determine best practices within the region that will benefit all in enhancing and improving service delivery. Coordination of this network will take place within the City’s Corporate Planning Office, with service providers within departments and the City’s agencies, boards and commissions being encouraged to consult with their counterparts in other municipalities.

ACCOUNTABILITY CYCLE

