



STAFF REPORT ACTION REQUIRED

Revised Budget Process for 2014

Date:	June 18, 2013
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2013\Internal Services\Fp\Ec13022Fp (AFS #17431)

SUMMARY

This report responds to City Council's direction to report on recommendations to make the City of Toronto budget process more transparent for Councillors and the public and to consider the proposed 2014 Budget timelines. The report also responds to City Council's direction to report recommendations for a revised budget process for 2014 and future years.

Recommended revisions to the 2014 Budget process included in this report are based on the feedback provided to the Deputy City Manager and Chief Corporate Officer following a series of meetings that were open to all Councillors, with half of Council participating. Recommended revisions will provide information and opportunities to ensure greater transparency in the budget process; improve the process for briefing all Councillors and reviewing divisional budgets and corporate accounts; permitting more time between Committee meetings and allowing for an earlier distribution of agendas; and allowing for Standing Committee review of divisional service levels and standards prior to consideration of the annual Capital and Operating Budgets.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that:

1. City Council approve the meeting dates as presented in Appendix 1 for the 2014 Operating and Capital Budget Schedule, with the following changes to existing scheduled Committee dates:

- a. The Economic Development Committee be scheduled to meet on November 22, 2013 replacing the current scheduled meeting of December 2, 2013;
 - b. The Community Development and Recreation Committee be scheduled to meet on December 4, 2013 replacing the current scheduled meeting of December 3, 2013;
 - c. The Parks and Environment Committee be scheduled to meet on December 6, 2013 replacing the current scheduled meeting of November 25, 2013; and
 - d. The Licensing and Standards Committee be scheduled to meet on December 9, 2013 replacing the current scheduled meeting of December 4, 2013.
2. City Council approve the review of divisional service levels and activities for City Programs at appropriate Standing Committees in September 2013, and that:
 - a. the review of divisional service levels and activities along with any Standing Committee recommendations be referred to the 2014 Budget process for consideration and to staff to guide staff during the 2014 administrative budget review process.
 3. City Council approve as part of the budget process drop in sessions, following budget launch and open to all Councillors providing an opportunity for Councillors to ask questions of staff from each Program/Agency relative to the Councillors specific interests.

Financial Impact

While there are no direct financial impacts arising from the recommendations of this report, this report does provides recommendation to the manner in which the City's operating and capital budgets are considered by Council, including budget timelines, process for briefing Councillors, involvement of Standing Committees and community engagement opportunities.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on January 15 and 16, 2013, City Council, in its consideration of the 2013 Capital and Operating Budgets, directed the Deputy City Manager and Chief Financial Officer to conduct a review of the budget process in early 2013 with a view to making the budget process more transparent for Councillors and the public. Concurrently, City Council, directed the City Manager to provide recommendations for a revised budget process for 2014 in April 2013.

This decision is available at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>

The following two recommendations were adopted as part of the 2013 Capital and Operating Budgets item (EX27.1):

383. City Council direct the Deputy City Manager and Chief Financial Officer to conduct a review of the budget process in early 2013 with a view to making the budget process more transparent for Councillors and the public, and to report to Executive Committee by mid-2013 on proposed changes.
384. City Council direct the City Manager to report to the Executive Committee in April 2013 with recommendations for a revised budget process for 2014 to consider extending the budget timetable to allow for:
 - a. a final Council approval in February;
 - b. a better process for briefing all Councillors and reviewing divisional budgets and corporate accounts;
 - c. Standing Committee review of divisional service levels and standards prior to the budget;
 - d. more time between Committee meetings and earlier distribution of agendas; and
 - e. more local information-sharing and community engagement opportunities.

ISSUE BACKGROUND

During the 2013 Capital and Operating Budget deliberations, City Council directed the City Manager and Deputy City Manager and Chief Financial Officer to review the budget process and report back on recommendations that enhance transparency, information-sharing, community engagement opportunities and time between Committee meetings.

In response to Council's recommendations, the Deputy City Manager and Chief Financial Officer invited all members of Council to consult with him and the Director of Financial Planning on ideas to improve transparency within the budget process and to hear any proposed changes to the current process. In total, a series of meetings were held for 21 Councillors, including the movers of each motion; Executive Committee members; Budget Committee members; and all other interested Councillors.

Revisions to the budget process for 2014 recommended in this report from the Deputy City Manager and Chief Corporate Officer are based on the feedback provided during these reviews that had been supported by the majority of Councillors that participated.

COMMENTS

This report makes recommendations on directions from Council arising from adoption of recommendations 383 and 384 within the 2013 Capital and Operating Budgets item (EX27.1).

Transparency in the Budget Process (Recommendation Number 383) / A Better Process for Briefing all Councillors and Reviewing Divisional Budgets and Corporate Accounts (Recommendation 384.b.)

The Deputy City Manager and Chief Financial Officer and the Director of Financial Planning have completed a review that addressed modifying the budget process to enable more transparency for Councillors and the public. The information assembled demonstrates that a majority (nearly three-quarters) of Councillors consulted consider that transparency is appropriately incorporated within the current budget process.

The basis of this feedback centered on the current process that provides transparency to both Council and the public through the following:

- ✓ Detailed analyst notes (operating and capital) for each City program and agency;
- ✓ Supplemental information either initiated from staff or requested from Councillors provided in briefing notes;
- ✓ Public notice given for multiple Budget Committee meetings that allow for:
 - ✓ High level presentations;
 - ✓ Reviews for each City Program/Agency;
 - ✓ Public deputations; and
 - ✓ Wrap up meeting that allows for consideration of motions and requested briefing notes.
- ✓ Financial Planning staffs presentations at Town Hall meetings (by ward) to inform the public on the staff recommended operating and capital budgets as well as address any questions that may arise; and
- ✓ The *City Budget* website that provides all budget documents, including analyst notes, briefing notes, presentations, wrap up notes that follow the decision making process, directions for participation in the budget process, budget schedule and other relevant information. See the link below:
<http://www.toronto.ca/budget2013>

Although the majority of Councillors consider the budget process to be transparent, opportunities to provide clearer, more concise information or to better brief Councillors were identified and have been incorporated in the 2014 Budget Process, including:

- ✓ Budget Drop In sessions following the launch of the Operating and Capital Budgets to provide an opportunity for Councillors to ask questions to staff from each Program/Agency relative to the Councillors specific interests;

- ✓ Staff are reviewing opportunities to improve budget materials with the focus on ensuring that materials are provided in a clearer manner and are easier to understand; and
- ✓ Councillors will be provided with supplementary information at the time of the Budget Launch on changes to the 10-Year Capital Plan (from the previous year) by ward.

Final Council Approval in February (Recommendation Number 384.a.) / More Time between Committee Meetings and Earlier Distribution of Agendas (Recommendation Number 384.d.)

A majority of the Councillors consulted as part of the budget review process favoured adding 2 – 3 weeks to the Budget process, provided the additional time was used to permit more time for review and revision of Capital and Operating budget information.

Councillors also widely supported including more time between Committee meetings and earlier distributions of agendas as many Councillors felt that the 2013 Budget process was compressed with little opportunity to review materials prior to Budget and Executive Committee meetings and Council.

The 2014 budget schedule incorporates these requests through the following:

- ✓ A 2014 Budget schedule that has been extended by 18 days from the previous year, with the focus on adding more time between committee meetings and an earlier distribution of agenda materials;
- ✓ A budget schedule that targets Council approval in January, which maintains best practice;
- ✓ Budget materials (Analyst notes and supplementary information) will be available a week in advance of deputations and approximately 2 weeks in advance of Program reviews;
- ✓ Planned dates for material distributions for each budget review meeting have been identified for Councillors and the public and are incorporated in the 2014 Budget Timelines;
 - Materials will be distributed to members of Council on a continuous basis throughout the budget process, the planned date for material distribution represents the date that budget and/or divisional staff aim to ensure the full suite of materials are available for distribution, prior to the following meeting(s).
- ✓ In an effort to ensure Councillors are provided with all information requested of staff, while limiting briefing note requests to a level that will ensure recommended material distribution dates are met, it is recommended that:
 - As part of the 2014 Budget process, drop in sessions, following budget launch and open to all Councillors be provided to allow for an opportunity

for Councillors to ask questions of staff from each Program/Agency relative to the Councillors specific interests; and

- Ask that Councillors endeavour to limit briefing note requests during the budget process to items that cannot be answered either at Budget Committee or in advance during the "drop in session".

It should be noted that for the 2014 Budget process, the ability to accommodate the request of more time between Committee meetings and earlier distributions of agendas was limited due to conflicts with the current November and December Committee cycles; FCM dates in November; and the observance of religious and statutory holidays during the Fall/Winter of 2013.

Appendix 1 accompanying this report outlines the recommended 2014 Budget Timelines, highlights of the recommended 2014 Tax Supported Budget schedule include:

- ✓ Budget launch on Nov. 25th (vs. Nov. 29th last year)
- ✓ Open House on Nov. 25th (p.m.) and Nov. 26th
- ✓ BC meetings for Deputations on Dec. 2nd and 3rd (if required)
- ✓ Program Reviews on Dec. 10, 11, 12 and 13
- ✓ Budget Wrap Up Meeting Dec. 20 & Final Wrap Up meeting Jan. 8th
- ✓ Executive Committee approval on Jan. 22nd
- ✓ Council approval on Jan. 29/30 (vs. Jan. 15/16 last year)

The 2014 Recommended Budget Timelines will require Council approval to reschedule the following existing Committee dates:

- ✓ The Economic Development Committee be scheduled to meet on November 22, 2013 replacing the current scheduled meeting of December 2, 2013;
- ✓ The Community Development and Recreation Committee be scheduled to meet on December 4, 2013 replacing the current scheduled meeting of December 3, 2013;
- ✓ The Parks and Environment Committee be scheduled to meet on December 6, 2013 replacing the current scheduled meeting of November 25, 2013; and
- ✓ The Licensing and Standards Committee be scheduled to meet on December 9, 2013 replacing the current scheduled meeting of December 4, 2013.

Appendix 2 of this report sets out the recommended revised meeting schedule from November 2013 to January 2014.

Standing Committee Review of Divisional Service Levels and Standards Prior to the Budget (Recommendation Number 384.c.)

90% of the Councillors consulted as part of the budget review process were in support of adding a Standing Committee review of services and service levels prior to the budget launch. This process would allow Standing Committees to provide direction to staff during the administrative budget process on service priorities, while also ensuring upfront public consultation to guide priority setting in advance of the budget launch.

The 2014 Budget process incorporates this request through the utilization of program maps, activities and service levels that was developed for the Financial Planning Analysis Reporting System (FPARS), which also facilitated the core service review, has been included in analyst notes and is approved by Council.

For the 2014 Budget process, staff are recommending a service level review process that will consist of the following:

- ✓ In September of 2013, City Programs will present service levels, challenges, opportunities and directions to their appropriate Standing Committee, as part of the service level review process;
- ✓ The review of divisional service levels and activities along with any Standing Committee recommendations be referred to the budget process for consideration and to staff to guide staff during the 2014 administrative budget review process.

This review will allow for upfront community engagement as well as allow Standing Committees to provide guidance to staff on service priorities in advance of the 2014 budget process.

Future years Service Planning processes will both include City agencies; and guide a budget process framed over multiple years within context of current budget targets. As this process evolves, the review will take place in the Spring/Summer, while Programs are preparing future year budget submissions. The process will also include a review of performance (levels of service achieved) to determine targeted service objectives and priority actions have been met.

More Local Information-sharing and Community Engagement Opportunities (Recommendation Number 384.e.)

Members of Council were divided on whether more local information sharing and community engagement opportunities are needed, with the slight majority of those consulted believing that current opportunities are more than sufficient.

However, those who supported increased community engagement felt we could look into different types of engagement, including:

- ✓ Additional opportunities for engagement during the service review process;
- ✓ Engagement targeted to specific groups (i.e. Board of Trade);

- ✓ Engagement (Hearings) held outside of the downtown core;
- ✓ Review of participatory budgeting; and
- ✓ As part of the next term of Council, engage the community in a program similar to "Listen to Toronto" to help develop a general mandate.

Opportunities for increased community engagement will be made available through the recommended review of divisional service levels and activities for City Programs at appropriate Standing Committees in September 2013. This will allow for upfront public consultation to guide priority setting in advance of the budget launch.

Additional options for added/modified community engagement will be reviewed by the City Manager's Office, however no other recommendations on changes to community engagement are being made at this time.

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SIGNATURE

Roberto Rossini
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ATTACHMENT

Appendix 1 – Proposed 2014 Budget Process Timeline
Appendix 2 – Revised Meeting Schedule for Nov. 2013 – Jan. 2014

Appendix 1 - 2014 Budget Timelines

Activity	Parking Authority, Toronto Water, Solid Waste Management	Capital Budget - City Divisions & ABCs	Operating Budget - City Divisions & ABCs
Budget Launch - Budget Committee	Nov. 1	Nov. 25	Nov. 25
Budget Drop In - Open House	Nov. 5	Nov. 25 (P.M.) Nov 26	Nov. 25 (P.M.) Nov 26
<i>BC 1 - Planned Material Distribution</i>	<i>Nov. 1</i>	<i>Nov. 25</i>	<i>Nov. 25</i>
Budget Committee 1 - Deputations	Nov. 6 (<i>Regular BC Meeting</i>)	Dec. 2 Dec. 3	Dec. 2 Dec. 3
<i>BC 2 - Planned Material Distribution</i>		<i>Dec. 3</i>	<i>Dec. 3</i>
Budget Committee 2 - Program Reviews - Request Briefing Notes		Dec. 10 Dec. 11 Dec. 12 Dec. 13	Dec. 10 Dec. 11 Dec. 12 Dec. 13
<i>BC 3-1 - Planned Material Distribution</i>		<i>Dec. 16</i>	<i>Dec. 16</i>
Budget Committee 3 - Part 1 - Present Briefing Notes/Supplementary Reports		Dec. 20	Dec. 20
<i>BC 3-2 - Planned Material Distribution</i>	<i>Nov. 8</i>	<i>Jan. 7</i>	<i>Jan. 7</i>
Budget Committee 3 - Part 2 - Motions & Voting	Nov. 12	Jan. 8	Jan. 8
<i>Exec - Planned Material Distribution</i>	<i>Regular Distribution</i>	<i>Jan. 17</i>	<i>Jan. 17</i>
Executive Committee	Dec. 5 (Regular Exec Meeting)	Jan. 22	Jan. 22
<i>Council - Planned Material Distribution</i>	<i>Regular Distribution</i>	<i>Jan. 27</i>	<i>Jan. 27</i>
Council	Dec 16, 17 (Regular Council Meeting)	Jan. 29, 30	Jan. 29, 30