



**STAFF REPORT
ACTION REQUIRED**

Recommended Multi-Year Service-Based Planning and Budgeting Process

Date:	April 8 , 2015
To:	Budget Committee Executive Committee
From:	City Manager Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	P:\2015\Internal Services\Fp\Ec15010Fp

SUMMARY

This report sets out the implementation of the approved multi-year service-based planning and budgeting process for the City over the balance of this term of Council. A staged approach will be used to establish the service planning and priority-setting process that will include comprehensive public consultation.

Implementation will be begin with a service level review by Standing Committees in June, 2015 for the 2016 Budget process which is incorporated into a recommended 2016 Budget Process Schedule (see Appendix 3). Standing Committee recommended service level changes will be forwarded to the Budget Committee. Budget Committee will review these recommended service changes and their financial impacts in the context of the City's financial outlook and circumstances of the City. These recommended service level changes along with budgetary guidelines will be utilized by City Programs, Agencies, the Budget Committee and Executive Committee in establishing the 2016 Operating and Capital Budgets and Plans.

The recommended 2016 Budget Process Schedule also allows for public deputations on the 2016 Capital and Operating Budgets to take place at all Civic Centers over 3 days; provides time to incorporate information sessions on the City's User Fee Policy Framework and user fee increases, as directed by City Council and is designed to ensure that the Rate Supported Capital and Operating Budgets are approved December 9 and 10, 2015 and Tax Supported Capital Budgets are approved February 17 and 18, 2016.

Beginning in 2016 for the 2017 Budget Process, Standing Committee meetings will be dedicated to the Service Planning and Priority-Setting stage of the integrated Multi-Year Planning and Budgeting Process. Standing Committees will assess service plans to ensure they align with Council's strategic directions. Standing Committees will also have the opportunity to consult with the public during this period to seek input in the setting of service priorities.

For the 2017 process, Standing Committees will forward service plans to City Council for consideration of their alignment with strategic directions and for approval in principle. The service plans established by Standing Committees will set multi-year service objectives, targets and associated priority actions and will be approved by Council. Each year thereafter, Standing Committees will review service levels and performance in attaining those service objectives. Results from these service level reviews will then be forwarded to Budget Committee. These recommended service level priorities along with any fiscal guidelines from the Budget Committee will be utilized by the Executive Committee to provide budget directions and guidelines in developing the 2017 and 2018 Operating and Capital Budgets.

With the establishment of service plans in 2017, the 2018 Service Planning and Priority - Setting process will focus on the review of service performance to ensure that the service level priorities, as approved with the budget, are being met and to address emergent service issues.

Implementation of Council's approved multi-year service-based planning and budget process will enable the City to set out a multi-year plan to meet the City's service priorities that make progress on Council's strategic directions and outcomes while ensuring both service and financial sustainability.

RECOMMENDATIONS

The City Manager and Deputy City Manager & Chief Financial Officer recommend that:

1. City Council approve the 2016 Budget Process Schedule which is designed to develop, review and adopt the 2016 Rate Supported Capital and Operating Budgets and Plans by December 9 and 10, 2015 and the Tax Supported Capital and Operating Budgets and Plans by February 17 and 18, 2016 as set out in Appendix 3.
2. That each Standing Committee submit its service level recommendations to the Budget Committee for consideration as part of the 2016 Budget process.

Financial Impact

This report outlines the implementation of Council's approved multi-year service-based planning and budgeting process that are based on leading financial planning and budgeting practices. Full implementation of this process will support the strategic alignment of resources to Council's priorities and directions over a multi-year timeframe. This approach ensures that resources are efficiently allocated to services to achieve long-term strategic outcomes and intended results within a fiscal framework, thus promoting both service and financial sustainability. A strategic multi-year approach provides balance between fiscal sustainability and service delivery.

DECISION HISTORY

At its meeting of April 12 and 13, 2011, City Council adopted EX4.10, *Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process*. In so doing, City Council specifically:

1. Authorized the Deputy City Manager and Chief Financial Officer to implement the Multi-Year Financial Planning and Budgeting Process as outlined in Appendix 1 and Appendix 2 of the report (March 8, 2011) from the City Manager and Deputy City Manager and Chief Financial Officer; and
2. Instructed the City's Agencies to fully participate in the Multi-Year Financial Planning and Budgeting Process and to comply with all budgetary policies, directions and guidelines

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX4.10>

In its consideration on December 11, 2014 of EX1.7, *2015 Recommended Budget Process and Schedule*, City Council requested the Deputy City Manager and Chief Financial Officer and City Manager to report to the first regular Budget Committee meeting following consideration of the 2015 budget process on a comprehensive community consultation process for priority setting for both spending and investment for the multi-year 2016, 2017 and 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX1.7>

As part of its deliberations on March 10 and 11, 2015 regarding EX3.4, *2015 Capital and Operating Budgets*, City Council directed the Deputy City Manager and Chief Financial Officer to include the following in the 2016 budget process (Recommendation #345):

- a) Standing Committee Reviews of Service Levels and Standards
- b) Information Sessions on the User Fee Policy Framework and proposed user fee increases above the rate of inflation; and
- c) A Budget Schedule that will allow for community consultation meetings in all Civic Centres, including East York and York.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>

ISSUE BACKGROUND

The City of Toronto Act (CoTA), sub-section 228(1) specifies that, "For each year, the City shall in the year or the immediately preceding year prepare and adopt a budget including estimates of all sums required during the year for the purposes of operating the City, including:

- (a) amounts sufficient to pay all debts of the City falling due within the year;
- (b) amounts required to be raised for sinking funds or retirement funds;
- (c) amounts required for any board, commission or other body.

CoTA also permits Council to "adopt a multi-year budget from 2 to 5 years duration provided that it is reviewed and confirmed on an annual basis within the multi-year planning period."

The Integrated Planning and Performance Framework

The City of Toronto is committed to demonstrating accountability, and has recognized the importance of long-term planning and priority-setting for service and financial sustainability. In order to support strategic decision-making that assesses policy impacts and service performance, and to demonstrate value in how monies have been spent, the City employs an integrated planning and performance framework that incorporates leading practices. The framework is built upon an integrated multiyear approach designed on the principles of long term service and financial planning, priority setting, performance monitoring, evaluation and reporting. This framework allows the City to enhance the effectiveness and efficiency of services that respond to public needs, while improving accountability and transparency.



The Integrated Planning and Performance Framework connect Council's goals to service objectives and multi-year budgeting priorities. The Framework enables the City to take a multi-year view to guide service planning and the allocation of resources. At each planning stage, performance measures and targets are set to ensure that multi-year service-based plans and budgets meet the goals and directions set by Council.

The Integrated Planning and Performance Framework enables the City to:

- Focus strategic investments to achieve results and intended outcomes
- Provide increased transparency and accountability regarding the services it delivers to the public
- Take a multi-year view to guide the City's service planning and budgeting process. This approach ensures that resources are efficiently allocated to services to achieve long-term strategic outcomes
- Monitor results and impact of services; thus providing staff and Council with the added capacity to re-allocate resources based on short and long-term goals and priorities.

The Integrated Planning and Performance Framework is dependent on the application of best practices and proven methodologies in implementing its major components: strategic planning, service planning, multi-year budgeting, and performance monitoring and reporting.

Strategic Planning

The City's strategic direction, as determined by Council, forms the basis for the development of the Corporate Strategic Plan. In 2002, City Council approved its Strategic Plan, which sets out the long-term vision and strategic goals for the City. Since then, the City has made great strides in accomplishing most of those goals, which have set a strong foundation for the future.

At its meeting of October 8-11, 2013, City Council affirmed 26 new strategic actions to guide the City's service planning, multi-year budgeting and performance measurement initiatives for 2013 to 2018, and to strengthen the governance of the City as it addresses future challenges. Many of the strategic actions are being implemented, including those that advance the goals of excellence, innovation and wellness. Divisional work plans have been aligned to Council's strategic goals and actions.

Multi-Year Service-Based Planning and Budgeting

In 2006, City Council approved a "mature budget process" based on generally accepted principles:

1. **Establish Broad Goals to Guide Decision Making** – a government should have broad goals that provide direction and serve as a basis for decision making;
2. **Develop Approaches to Achieve Goals** – a government should have specific policies, plans, programs and management strategies to define how it will achieve its long-term goals;
3. **Develop a Budget Consistent with Approaches to Achieve Goals** – a financial plan and budget that moves toward achievement of goals, within the constraints of available resources, should be prepared and adopted; and
4. **Evaluate Performance and Make Adjustments** – program and financial performance should be continually evaluated and adjustments made, to encourage progress toward achieving goals.

In 2011, City Council reaffirmed this approach and adopted the Multi-Year Financial Planning and Budgeting process (as noted above and in Appendix 1) that has the following key elements:

- Engages stakeholders in priority-setting through upfront public consultation;
- Has a long-term perspective for planning and budgeting that promotes service and fiscal sustainability;
- Introduces a structured service planning process that links resource allocations to service objectives and targets driven by Council priorities over a multi-year timeframe;

- Is service-based and performance-focused: it focuses budget decisions on service objectives, service levels, results and outcomes using performance targets and metrics
- Emphasizes the evaluation of service performance so that planned results are achieved;
- Establishes roles and responsibilities for Standing Committees, the Budget Committee and Executive Committee (see Appendix 2).

The City's multi-year, service-based planning and budgeting process is intended to establish a longer-term focus regarding the allocation of resources required to deliver the programs and services needed by the community, and to accomplish Council's goals and priorities for its term of office. This is accomplished by integrating (a) Service Planning and Priority Setting and (b) Multi-Year, Service-Based Budgeting (as illustrated in Appendix 1) which are described below:

Service Planning and Priority Setting

- Guided by Council’s strategic directions, all Programs and Agencies will develop five-year service plans to address services provided and the infrastructure that supports those services delivered.
- Standing Committees will review service plans annually, initially to consider service policy, service level and service delivery issues, strategies and recommend service priorities and, in subsequent years, Standing Committees will also monitor service performance; assess progress against service objectives; targets and priority actions; and develop strategies to address emerging service issues and adjust service plans, as necessary.
- Standing Committees will engage the public prior to setting priorities as part of their service plan reviews.
- Budget Committee will review Standing Committee's recommended service level priorities, associated service objectives, targets and costs and assess service performance within the City's fiscal circumstances and financial outlook and recommend multi-year service priorities, budget directions and targets to Executive Committee.
- Executive Committee will set service priorities, objectives and targets together with multi-year budget targets that will guide the annual operating and capital budgeting process.

Multi-Year Budgeting

- Based on Executive Committee’s multi-year service priorities and budget targets, the 10-Year Capital Budget and Plan and the 3-Year Operating Budget and Plan will be established.

- Capital and Operating Budgets will be reaffirmed each year in order to appropriate funds.
- The City Manager (CM) and Deputy City Manager & Chief Financial Officer (DCM-CFO) will review all Program and Agency Budgets to ensure that resources are allocated to service priorities efficiently and effectively; ensure compliance with budget directions, guidelines and targets.
- The Budget Committee members will conduct team member reviews of staff recommended budgets in the Fall prior to Budget Launch to determine whether services are delivered efficiently and effectively and resource requests are aligned to service priorities and meet budgetary directions and guidelines.
- The Budget Committee review process will include public deputations.
- The Tax-Supported Operating and Capital Budgets will be approved no later than mid- February (in a non-election year).
- The Rate-Supported Operating and Capital Budgets will be approved by December of the previous year (in a non-election year).

Performance Monitoring and Reporting

The City is also implementing a performance measurement and reporting process to support the integrated framework. Program maps have identified all services and service levels and metrics, thus providing a functional model of government services provided by the City. This service inventory forms the structure for reporting service performance to Council and the public. The implementation of service planning will enable the City to establish linkages between strategic planning, service planning, multi-year budgeting and reporting. Once service objectives, targets and priorities are established, monitoring and reporting on service performance will be fulsome. Service performance reporting will capture progress being made on service priorities; service levels and service delivery and their resultant contribution to meeting Council goals and outcomes.

Multi-Year Service-Based Planning and Budgeting: Implementation Status

Service Planning and Priority-Setting

The service planning and priority setting stage of the approved multi-year financial planning and budgeting process was not implemented during this last term of Council.

Council did not undertake a strategic planning process to establish strategic goals and directions at the outset of its term to guide the service planning and multi-year budgeting process. Instead, Council's early focus was on eliminating its reliance on prior year's surplus as a budget revenue source in order to move the City towards fiscal sustainability. Notwithstanding the above, Council did approve key initiatives that were based on strategic priority-setting informed by upfront public consultation:

- In April 2011, Council approved a Service Review Program and undertook a Core Service Review that included extensive public engagement activities to set the foundation for the City's services and service levels in time for the 2012 Budget process, with implementation that continued through the 2013 Budget process;
- In July 2013, Council approved and undertook a service level review through its Standing Committees that included public presentations, enabling Standing Committees to review City Programs' service levels and standards and recommended service level priorities for consideration during the 2014 Budget process;
- In March 2014, Council reaffirmed its Strategic Plan and approved 26 new Strategic Actions to advance its vision, mission and goals for the City and guide the City's service planning, multi-year budgeting, and performance planning processes which complement its current initiatives and Council priorities.
- In December 2014, City Council approved a 2015 Budget Process and Schedule that included a Service Level Review that formed part of the Budget Committee's deliberations on the 2015 Operating Budget.

Multi-Year Budgeting

Staff prepare and Council approves a 1-year Operating Budget with a 2-year Plan and a 10-year Capital Plan comprised of a 1-year Capital Budget with an accompanying 9-year Plan. The City's multi-year budgets establish a longer-term focus regarding the allocation of resources required to deliver the services and service levels needed by the community, and to accomplish Council's goals and priorities.

Over the past 4 years, the City has increasingly focused its operating budget deliberations on the services and services levels provided to the public. This has moved the City from solely examining the operating budget in the traditional expenditure view. Since 2014, City Council has approved a service-based Operating Budget and 2-year Plan that has been reoriented to a service view, with key financial, complement, service level and performance information organized by the 155 services and their activities as articulated in Program Maps.

On the capital side, the City's capital budget and plan has migrated from a 1-year budget and 9 year forecast to a 1-year budget and 9-year plan based on annual debt affordability and a focus on how investments address the City's backlog on state of good repair while balancing service improvement and growth projects that contribute to City building objectives.

Notwithstanding the above advancements made in multi-year planning and budgeting, the City has yet to fully implement the service planning and priority setting phase of the integrated service-based planning and budgeting process. True multi-year budgeting cannot occur in the absence of a process that establishes both an "expenditure plan" as well an "investment plan" over a longer term horizon that can guide multi-year budgets.

To support both service and financial sustainability, it is necessary to establish a multi-year plan of service objectives with associated targets and actions that meet those objectives *together with* a multi-year funding plan based on an affordability framework that includes available resources and revenues.

This report sets out the implementation of the approved multi-year service-based planning and budgeting process for the City over the balance of this term of Council. A staged approach will be used to establish the service planning and priority-setting process that will include comprehensive public consultation. Implementation will begin with a service level review by Standing Committees for the 2016 Budget process which is incorporated into a recommended 2016 Budget Process Schedule (see Appendix 3).

COMMENTS

Service Planning is a key pillar of the Integrated Planning and Performance Framework as it provides the link between strategies and budgets. It translates high-level strategies into service objectives that are driven by Council's goals and strategic actions and guide the allocation of resources during the budgeting phase of the process.

Planning is essential for effective service delivery and good financial management. A common service planning framework and process:

- Provides clear accountability for achieving Council's goals and strategic actions;
- Provides Committee and Council with the ability to establish relative service priorities and establish objectives, targets and actions required to meet outcomes; and,
- Guides and informs the budget process by establishing service levels and multi-year estimates of resources required to achieve service objectives and outcomes.

While many steps have been taken to create a more comprehensive process and a harmonized approach to service planning, the City has not yet reached an optimal service-planning model. Most City Programs and Agencies have been engaged in some form of strategic, sectoral, service or business planning to guide service delivery in the achievement of strategic goals and outcomes.

Currently, some of these plans are submitted for Council approval, however, many do not incorporate stated objectives, accompanying costs, timing, and performance targets. As well, Committee and Council approval is ad hoc, considered throughout the year, and as a result, there are multiple "plans" and "strategies" which are not considered against relative service priorities or within the context of City's financial condition or affordability framework. The financial implications are referred to a budget process that must address all the service expectations through "consideration in the budget process" that determines what; how much and how fast" based on competing service demands for that year.

The establishment of a multi-year plan for “spending and investments” requires both a planning and decision-making process that results in agreed-to service priorities for City services and assets that can be implemented over a multi-year period that can be planned, funded and evaluated annually for results.

The service planning and priority-setting process focuses on the review of all service plans; strategies and objectives during a common timeframe, providing the opportunity to determine relative service priorities, targets and actions to be achieved over a multi-year period with input from the public. When informed by the City's fiscal condition and multi-year financial targets, there is an ability to set out a multi-year plan that enables both service and financial sustainability.

2016 Planning and Budgeting Process

The 2016 Planning and Budgeting Process will be modified for the purpose of establishing a foundation for preparing future years’ service plans and budgets. While the 2016 Planning and Budgeting Process will not include service planning as contemplated in Chart 1 of Appendix 1, it will include a review of service levels and standards by Standing Committees in June 2015, representing the first stage in implementing the integrated service-based planning and budgeting process.

Standing Committees will review Program and Agency service levels, together with any service delivery issues and strategies, including those that address service infrastructure, innovation and delivery. For the 2016 process, Standing Committees will hear from the public at its June meetings given that the service level review is only now being added to the June Standing Committee cycle. Beginning with the 2017 process, Standing Committees will have the opportunity for extensive, comprehensive public consultation, as more than one Standing Committee meeting will be dedicated to the Service Planning stage of the multi-year service-based planning and budgeting process. Staff will be reporting back prior to the 2017 process on various public engagement activities that Standing Committees may utilize.

For the 2016 process, Standing Committee recommended service level changes will be forwarded to the Budget Committee. Budget Committee will review these recommended service changes and their financial impacts in the context of the City's financial outlook and circumstances of the City. Budget Committee will also recommend to Executive Committee budget directions and any financial targets to Executive Committee. These recommended service level changes along with fiscal guidelines from the Budget Committee will be utilized by City Programs, Agencies, the Budget Committee and Executive Committee in establishing the 2016 Operating and Capital Budgets and Plans.

The 2016 Service Level Review takes into account available revenues and the City's fiscal condition and sets the groundwork for the service planning and priority setting process to begin with the 2017 Planning and Budgeting process.

The Budget process will be service-based in focus and will ensure that the budget development, review and approval process results in the most efficient use of City resources to effectively meet the service and infrastructure priorities and needs of the citizens of Toronto in a fiscally sustainable manner. The 2016 Budget process will incorporate the following key elements:

- Administrative Review
- Budget Committee Member Reviews
- Public Launch of Rate Supported Capital and Operating Budgets for approval December 9 and 10, 2015
- Public Launch of the Tax Supported Capital and Operating Budgets for approval February 17 and 18, 2016
- Public Input (at all Civic Centres) and Education
- Support for Councillor Town Hall Meetings
- Budget Committee Program Reviews
- Budget Wrap Up Meetings
- Executive Committee consideration
- Council approval

An information session regarding the City's User Fee Policy and recommended changes above inflation will be incorporated into the Budget Committee Program Review meetings.

2017 – 2018 Planning and Budgeting Process

Service Planning will be introduced for the 2017 Planning and Budgeting Process. Building on current divisional, sectoral, business and service plans, the City will establish a common, multi-year, service-based planning framework for City Programs and Agencies to develop 5-year service plans that set both service and organizational objectives, targets and priority actions in time for Spring 2016. These service objectives are to be aligned to Council's strategic goals and actions; address key service and infrastructure drivers and provide strategies for service delivery excellence and innovation. The process will start with staff developing service plans based on the services and service levels approved in the 2016 Operating Budget as well as the capital works approved in the 10-Year Capital Plan.

In the Spring of 2016, Standing Committee meetings will be dedicated to the Service Planning and Priority-Setting stage of the integrated Multi-Year Planning and Budgeting Process. Standing Committees will assess service plans to ensure they align with Council's strategic directions. Standing Committees will also have the opportunity to consult with the public during this period. Utilizing various engagement activities to seek input in the setting of service priorities, Standing Committees will establish specific service objectives, performance targets and priority actions to meet those objectives and targets.

As an example, if, in reviewing the Fire Master Plan, the Community Development & Recreation Committee determined that it was a priority to "improve the quality of fire defences maintained by the City" (service objective); then performance targets would be set, such as increasing the Fire Underwriters' Rating from a "Class 4" to a "Class 2" and the associated priority actions that would be necessary to achieve the objective and the targets such as increasing the City's fire prevention efforts by adding to its complement.

Similarly, a priority in Urban Forestry could be to double the urban canopy from its current 17% coverage to 34% coverage by 2050. This would be the service objective. The service plan, for its 5 year timeframe, would set targets for incrementally increasing the coverage from the current 17% to 19%, for example and identify what priority actions would be required to achieve these targets over this period. Increased tree planting and tree maintenance could be 2 investments required as well as an examination of partnerships with third parties and innovative service delivery options.

Standing Committees will forward service plans to City Council for consideration of their alignment with strategic directions and for approval in principle. The service plans established by Standing Committees will set multi-year service objectives, targets and associated priority actions and will be approved by Council. Each year thereafter, Standing Committees will review service levels and performance in attaining those service objectives. Results from these service level reviews will then be forwarded to Budget Committee. These recommended service level priorities along with any fiscal guidelines from the Budget Committee will be utilized by the Executive Committee to provide budget directions and guidelines in developing the 2017 and 2018 Operating and Capital Budgets.

With the establishment of service plans in 2017, the 2018 Service Planning and Priority - Setting process will focus on the review of service performance to ensure that the service priorities, as approved with the budget, are being met and to address emergent service issues.

Standing Committees will:

- monitor program performance against approved service objectives; approved service levels;
- assess progress on achievement of targets and evaluate impacts of emerging issues;
- recommend strategies and adjustments to service plans and priorities where required to ensure that the Mayor and Council's priorities are achieved; and,
- evaluate results one service objectives have been implemented.

Budget Committee will assess service performance and any Standing Committee recommended changes in the context of the City's financial outlook and circumstances and will recommend any appropriate service changes to Executive Committee along with the annual budget directions and fiscal targets.

Roles and Responsibilities

The Multi-Year Planning and Budgeting Process, which is set out in more detail in Appendix 1 incorporates best budgeting practices and principles promoted by the Government Financial Officers Association (GFOA). In particular, it incorporates the following key principles:

- Engagement of stakeholders through upfront public consultation.
- Long-term perspective - an annual Operating Budget plus 2-year Plan; and a 10-Year Capital Budget and Plan.
- Linkage of resource allocations to service objectives and establishment of targets driven by Council priorities through a multi-year service planning process.
- Service-focused and performance based budget process- that is, budget decisions will focus on service priorities, service objectives and targets, and on performance budgeting and outcomes.

Multiple key participants will be engaged at various stages of the process. The roles and responsibilities of the key participants in the Multi-Year Planning and Budgeting process are summarized in the attached Appendix 2.

Implementation of the approved multi-year service-based planning and budgeting process over the balance of the term of Council will provide the City with the ability to set out a multi-year plan that enables both service and financial sustainability. A strategic multi-year approach provides balance between fiscal sustainability and service delivery.

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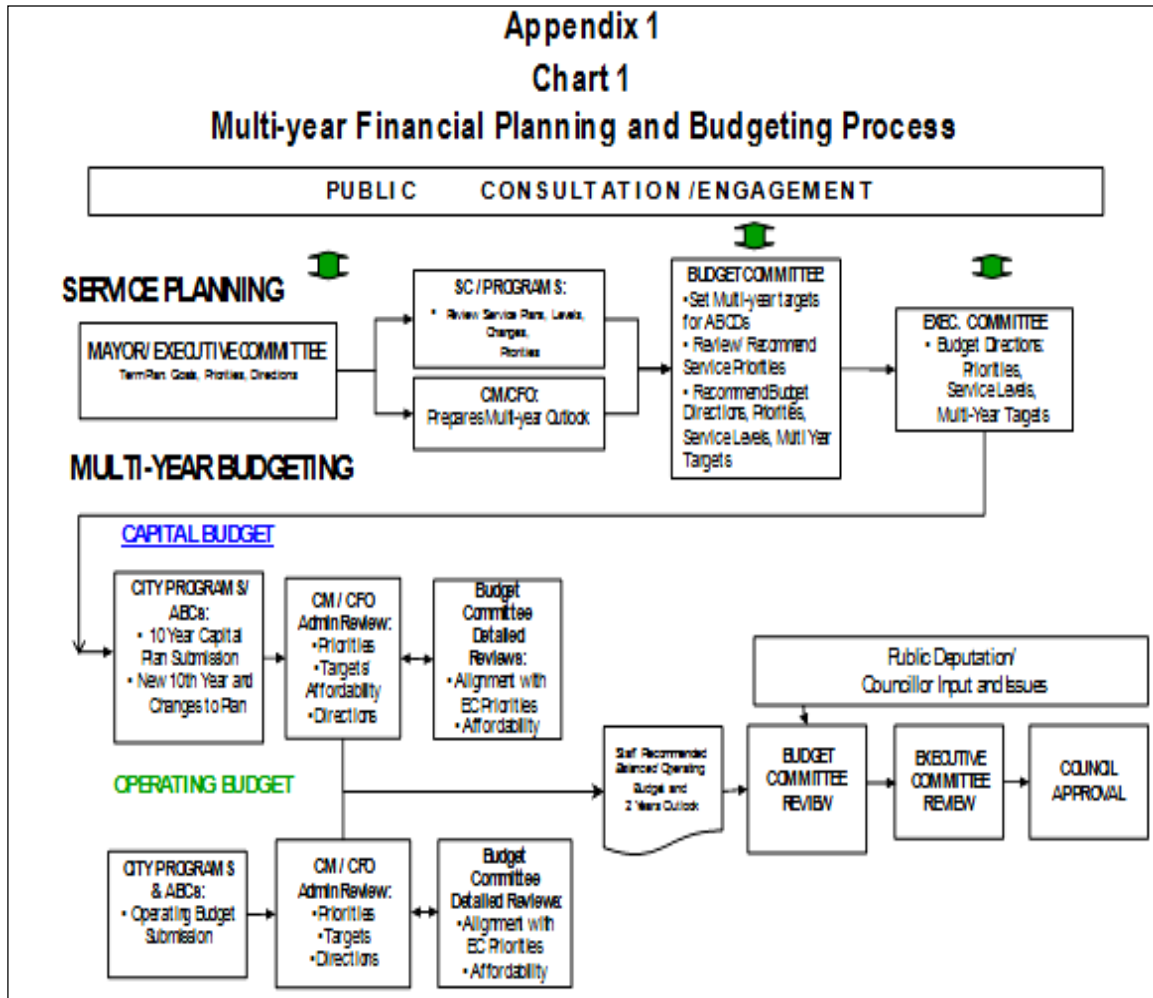
Joseph P. Pennachetti
City Manager

Roberto Rossini
Deputy City Manager & Chief
Financial Officer

Attachments:

Appendix 1 – Approved Multi-Year Financial Planning and Budget Process
Appendix 2 – Roles and Responsibilities

Appendix 3 – 2016 Recommended Budget Process Schedule



Service Planning Process:

The approved Financial Planning and Budgeting Process is illustrated in Chart 1 above. Service Planning is the starting point, and is a critical phase for guiding the allocation of resources during the budget phase. It is during this phase that service objectives and priorities are established and/or confirmed. Ideally, the Mayor and Council will set strategic directions for its term of office, which will guide service plans and the establishment of service objectives, priority actions and performance targets in order to achieve the strategic directions.

Service Planning links strategic directions and multi-year budgeting to achieve those directions by way of service delivery plans, a tool that supports informed decision-making. Service plans should reflect the input of all stakeholders, including the public. Therefore, public engagement is a key and essential element of the Service Planning phase of the process and is critical to ensuring that public input is represented in the service plans.

As illustrated in Chart 1, Service Planning is comprised of the following key elements:

- The Mayor and City Council establish strategic directions and priorities for the term of office.
- Executive Committee, the Mayor and Council provide guidelines and directions for development of 5 year service plans that are linked to Council's priorities and the City's fiscal condition.
- City Programs and Agencies prepare service plans that comply with Executive Committee guidelines during the first year of the service planning process. In subsequent years, service plans will be reviewed to assess performance and address emerging service issues, and confirm or recommend service priorities. Service plans will be revised for any changes.
- The Service Planning process would extend over the Spring months, providing dedicated Committee time to review all service plans.
- During this period, Standing Committees review City Program and Agency service plans within their individual policy mandates. These committees will make recommendations to establish/confirm /modify services, service levels and service priorities to address service performance.
- During this period, Standing Committees undertake public engagement activities to seek input in the setting of service priorities within their respective policy jurisdictions. Public engagement and consultation activities would not be limited to traditional committee deputations.
- Based on the CFO's financial outlook, the Budget Committee will establish budget guidelines and directions and will evaluate Standing Committees' recommendations on service priorities in the context of the City's financial outlook and fiscal circumstances

and will recommend service priorities, budget directions and guidelines to Executive Committee for its consideration.

- Executive Committee will establish service priorities, objectives and targets as well as budget directions and fiscal targets and give direction for the next budget process

Multi-Year Budgeting Process:

Executive Committee's budget directions and guidelines provide a framework for City Programs and Agencies to develop multi-year capital and operating budgets. The review and approval process for the capital and operating budgets are de-linked, although the time lines may be the same. Key elements of the budget process include the following:

June

- Executive Committee provides budget directions and guidelines to City Program and Agency Staff.

April - June

- Staff develop 10-year capital plans, of which the first year is the capital budget.
- Staff develop annual operating budgets along with a two-year plan comprised of a base budget and a new and enhanced service budget:
 - The base budget submission will detail the resources needed to provide the services and service levels approved by Council in the prior year; and must comply with directions prescribed by City Council and budgetary guidelines provided by the Financial Planning Division.
 - In addition to the base budget, business cases that clearly articulate strategy to achieve budget reduction targets will be submitted. These business cases will describe proposed service changes, along with the impact on services and service levels, service performance and the community; as well as budgetary and staffing changes.
 - It is essential that linkages between service goals, objectives and priority actions established in the service plans, and resource requests are clearly described in the budget submissions for new/enhanced service requests

June - October:

- City Manager, and Deputy City Manager, Chief Financial Officer and Executive Director, Financial Planning
 - Conduct administrative review of City Programs and Agencies' budget requests to confirm compliance with Council directions and guidelines.
 - Develop staff recommended budgets for submission to the Budget Committee.

September - October

- Budget Committee members undertake member team reviews of assigned budgets

November - December

- Presentation of the Staff Recommended Budgets launches the Committee review and public consultation process. This stage of the process includes the following:
 - Presentation of the Staff Recommended Operating and Capital Budgets to the Budget Committee.
 - Budget Committee hearings are held to enable:
 - Councillors to raise issues and seek information;
 - Public to provide input/response to staff recommended budgets.
 - Preparation of budget briefing notes and response to information requests.
 - Budget Committee reviews briefing notes, responses to additional Program/Agency information requests, and budget options.
- Budget Committee determines its recommended operating and capital budget for submission to Executive Committee
- Staff prepares the Budget Committee Corporate Operating and Capital Budget Reports

January - February

- Executive Committee reviews the Budget Committee Recommended 10-Year Capital Plan and Operating Budgets.
- Executive Committee recommends its 10-Year Capital Plan and Operating Budgets to City Council.
- Council reviews and approves the 10-Year Capital Plan and Operating Budgets.

Ideally, all City budgets should be approved as early in the budget year as possible; however, this is not achievable in election years, given that the election is normally held during the last three months of the year. In an election year, the new City Council will establish a schedule for preparing and approving the budget for its first full year in office.

Appendix 2

Roles and Responsibilities –Multi-Year Financial Planning & Budgeting Process	
Staff	<p>Service Planning:</p> <ul style="list-style-type: none"> • Develop and or review / revise service plans based on Council directions, environmental scan, more current information, and fiscal framework • Incorporate strategies for continuous improvements; innovation; efficiencies and organizational excellence • Present service plans and other information required to inform/facilitate Standing Committee reviews of service plans <p>Multi-Year budgeting:</p> <ul style="list-style-type: none"> • Develop 10-year Capital Budget and Plan and Operating Budget based on established, budgetary principles and policies; ensure compliance with budget directions, guidelines and targets. • Incorporate service priorities; strategies for continuous organizational excellence financial implications of service efficiency studies into the 2012 budgets for implementation. • Implement Budgets ensuring that resources are utilized to achieve approved outcomes efficiently and in accordance with plans • Produce quarterly performance and progress reports on budget / service plan implementation • On a timely basis, recommend corrective action to City Council where significant departure from plan is identified
Public Stakeholders	<ul style="list-style-type: none"> • Through stakeholder consultations, communicate community needs, priorities and challenges • Provide input on service plans and service objectives and priority actions that are responsive to community needs • Provide feedback on service levels and standards and program efficiencies • Provide advice on where scarce resources should be focused and how services should be delivered
Standing Committee	<p>Service Planning:</p> <ul style="list-style-type: none"> • Review service plans within financial framework including: <ul style="list-style-type: none"> - Service delivery issues, service objectives, targets and actions needed to address service issues - Service performance • Establish / recommend service priorities • Facilitate / solicit public input engagement on Service Plans • Confirm and forward recommended changes to service plans and priorities to Budget Committee.
Budget Committee	<p>Service Planning:</p> <ul style="list-style-type: none"> • Review multi-year financial forecast and assumptions and establish budget guidelines and fiscal targets

Roles and Responsibilities –Multi-Year Financial Planning & Budgeting Process

	<ul style="list-style-type: none"> • Assess Standing Committee recommended service priorities within financial framework • Recommend service priorities, budget guidelines and targets and guidelines to the Mayor and Executive Committee <p>Multi-Year Budgeting:</p> <ul style="list-style-type: none"> • Conduct informal review of staff recommended budgets in order to determine that resource requests are reasonable and that services are delivered efficiently and effectively • Review staff recommended budgets based on Council directions, guidelines and priority actions • Conduct Hearings for Councillors issues / input and public deputations where warranted, adjust the budget or make recommendations for change to the Executive Committee / Council • Recommend annual operating and capital budget to Executive Committee/Council • Monitor capital and operating spending and service performance and recommend in-year budget adjustments and corrective actions to Executive Committee, where warranted • Review reports / matters that have financial impact on current and future budgets and make recommendations to Executive Committee.
Executive Committee	<p>Service Planning:</p> <ul style="list-style-type: none"> • Consider Budget Committee recommended service priorities, service objectives and targets and priority actions and confirm alignment with Council priorities and city-wide long term goals • Consider multi-year financial forecast and budgetary targets recommended by Budget Committee • Establish service priorities, budget directions and targets. <p>Multi-Year Budgeting:</p> <ul style="list-style-type: none"> • Provide budget directions and guidelines to Budget Committee and staff • Establish/approve financial and budgetary policies to guide multi-year financial planning , budgeting, management and evaluation • Review the Budget Committee recommended budgets and submit budgets to Council for its review and adoption • Monitor capital and operating spending and service performance and recommend in-year budget adjustments and corrective actions to Executive Committee, where warranted.
Council	<p>Service Planning:</p> <ul style="list-style-type: none"> • Approve ongoing service efficiency recommendations, where necessary

Roles and Responsibilities –Multi-Year Financial Planning & Budgeting Process

	<p>Multi-Year Budgeting:</p> <ul style="list-style-type: none">• Approve annual Operating Budget and 10-year Capital Plan• Approve in-year budget adjustments, where necessary• Monitor in-year spending and performance and take necessary actions• Consider matters with financial implications in the context of the city's fiscal framework and environment
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Appendix 3

2016 Recommended Budget Schedule

Activity	Operating / Capital Budget - Rate Supported Programs	Capital Budget - City Divisions & Agencies	Operating Budget - City Divisions & Agencies
Standing Committee Review of Service Levels	June 15 - June 30, 2015	N/A	June 15 - June 30, 2015
BC Members Informal Reviews	September 15 - October 1, 2015	September 15 - October 16, 2015	
Budget Launch - Budget Committee	November 6, 2015 (Includes Presentations)	December 15, 2015 (Presentation)	
Budget Briefings (Budget Committee)	November 13, 2015 <i>(Regular BC Meeting)</i>	January 5, 6, 8 & 11, 2016	
Public Presentations (Budget Committee)	November 13, 2015 <i>(Regular BC Meeting)</i>	January 12, 13 & 14, 2016	
Budget Committee Wrap-Up	N/A	January 18, 2016 (Briefing Notes / Motions / Reports)	
Budget Committee Final Wrap-Up	November 24, 2015 <i>(Afternoon)</i>	January 26, 2016	
Special Executive Committee	December 1, 2015 <i>(Regular Executive)</i>	February 9, 2016 <i>(Special Executive)</i>	
Special Council	December 9 & 10, 2015 (Regular Council)	February 17 & 18, 2016 (Special Council)	