

2022 Budget Notes

Policy, Planning, Finance & Administration

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Description

Policy, Planning, Finance & Administration (PPFA) provides centralized financial and administrative support to the Deputy City Manager and Infrastructure and Development Services (IDS) programs which allows them to focus on providing their core services to Toronto's residents and businesses. PPFA delivers the following services:

- Corporate Leadership
- Organizational Effectiveness
- Financial Management
- Program Support

Why We Do It

PPFA provides centralized financial and administrative support to the Deputy City Manager and IDS programs so they can focus on providing services to Toronto's residents and businesses. In so doing, PPFA fosters the following outcomes:

- Public consultation on IDS infrastructure projects is timely, accessible and convenient, and the input from residents and businesses contributes to informed decision-making.
- IDS Divisions are able to make informed financial decisions and provide services that are financially sustainable through timely and accurate financial management.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

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What Service We Provide

Organizational Effectiveness & Corporate Leadership

Who We Serve: Deputy City Manager – IDS, City Staff/Divisions

What We Deliver: Provide strategic advice, planning, coordination and reporting to the IDS programs to improve organizational effectiveness, and service delivery.

How Much Resources (gross 2022 operating budget): \$1.5 million

Financial Management

Who We Serve: Deputy City Manager – IDS, City Staff/Divisions and IDS Division Suppliers/Service Providers.

What We Deliver: Financial planning, reporting, analysis, advice, revenue and purchasing transaction processing and coordination of payables, to IDS divisions to ensure compliance with corporate policies and support service delivery.

How Much Resources (gross 2022 operating budget): \$8.4 million

Program Support

Who We Serve: Deputy City Manager – IDS, City Staff/Divisions and residents and businesses.

What We Deliver: Administrative, public consultation, complement management and payroll time entry services to IDS divisions to ensure compliance with corporate policies and support service delivery.

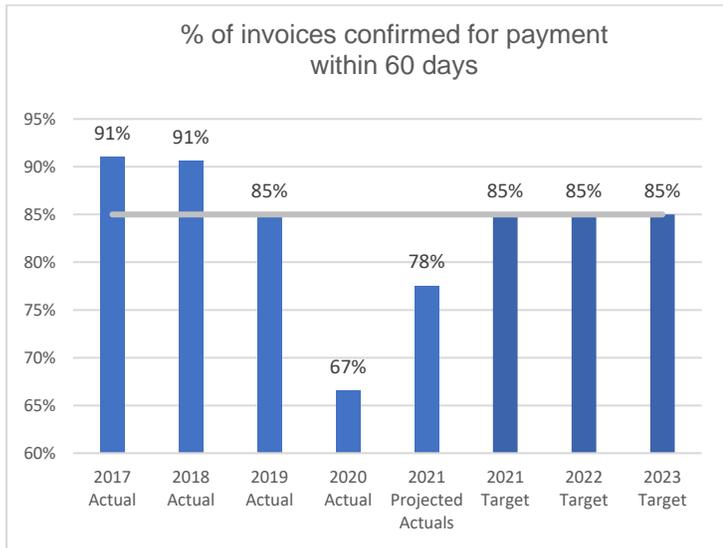
How Much Resources (gross 2022 operating budget): \$6.8 million

Budget at a Glance

2022 OPERATING BUDGET			
<u>\$Millions</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues	\$11.9	\$12.0	\$12.2
Gross Expenditures	\$16.7	\$17.0	\$17.2
Net Expenditures	\$4.9	\$5.0	\$5.0
Approved Positions	167.1	167.1	165.1

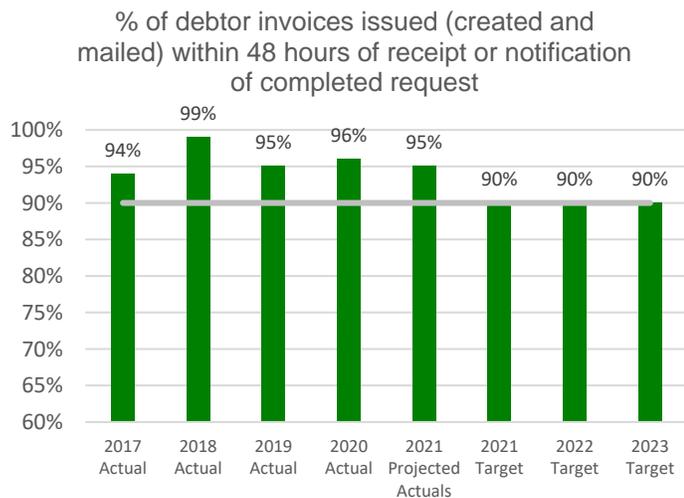
2022 - 2031 10-YEAR CAPITAL PLAN			
<u>\$Millions</u>	<u>2022</u>	<u>2023-2031</u>	<u>Total</u>
This program does not have a capital budget			

How Well We Are Doing – Behind the Numbers



Invoices Confirmed for Payment

- Vendor invoices are reviewed to confirm that goods and services have been received before payment. PPF&A has a target of 85% of invoices to be reviewed and confirmed within 60 days of the invoice date.
- PPF&A historically exceeded its target while ensuring IDS division are in compliance with corporate policies and contractual obligations.
- The 2020 actuals and 2021 projections reflect processing delays and changes in operational procedures resulting from the impacts of COVID-19. 2022 service levels are anticipated to be in keeping with previous years' experience.



Invoices Issued within 48 hours

- PPF&A manages the Accounts Receivable process end-to-end for IDS Divisions, including billing, collections, payment processing, banking, and analysis and reporting.
- PPF&A has a target of issuing 90% of debtor invoices (created and mailed) within 48 hours of receipt of an invoice request.
- Due to efficiencies gained through automation, PPF&A has exceeded its target since 2017. The service target will be reviewed during 2022.

How Well We Are Doing

Service	Measure	2019 Actual	2020 Actual	2021 Target	2021 Projection	Status	2022 Target	2023 Target
Service Level/Outcome Measures								
Financial Management	% of Infrastructure and Development Services divisional budgets supported and coordinated within deadlines	100%	100%	100%	100%	●	100%	100%
	% of invoices confirmed for payment within 60 days	85%	67%	85%	78%	●	85%	85%
	Total number of invoices paid	53,488	51,809	52,000	51,000		52,000	52,000
	% of debtor invoices issued (created and mailed) within 48 hours of receipt or notification of completed request	95%	96%	90%	95%	●	90%	90%
	Total number of debtor invoices issued	42,592	30,598	42,000	31,000		42,000	42,000
	% of undisputed accounts receivable collected within agreed upon payment terms	75%	62%	70%	64%	●	70%	70%
	Total number of undisputed accounts receivable collected	5,869	5,742	6,000	5,700		6,000	6,000
Program Support	% of time sheets entered	100%	100%	100%	100%	●	100%	100%
	% of compliance to meet notification guidelines, legislated requirements, and client and program needs	100%	100%	100%	100%	●	100%	100%

*Service targets are set for performance/operational purposes and are anticipated to be reviewed in 2022.

● 80% - 100% ● 64 - 79% ● 63% and Under

COVID-19 IMPACT AND RECOVERY

2022 Impact and Recovery

Operating Budget Impact

- There are no anticipated operating impacts related to COVID-19 reported in PPFA's 2022 budget.

Service Level Changes

- There are no anticipated impacts to service levels as a result of COVID-19 during 2022.
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EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Led and supported IDS programs with continued implementation of enterprise-wide corporate initiatives including: Financial System Transformation Project and eTime Payroll Transformation.
- Optimized invoice issuance and payment receipt processing across IDS programs.
- Continued to support city building/capital delivery by hosting virtual public consultation events through the use of WebEx and on-line tools.
- Completed consultation for various cycling projects across the City, and launched consultations for new projects such as RapidTO, Rouge-Little Rouge Transportation Master Plan, as well as several Area Transportation Plans. Consultation also continued for basement flooding studies and large-scale construction projects such as the reconfiguration of the King-Queen-Queensway-Roncesvalles intersection and Port Union Road.
- Ongoing activation of IDS COVID-19 Operations Centre providing support to both IDS Divisions and the Business Continuity Task Force.
- Supported the COVID-19 Financial Implications Working Group with monthly reporting for IDS programs.

Key Challenges and Risks

- Maintaining current service levels, while simultaneously implementing new enterprise-wide technology improvements and modernization initiatives, including Financial System Transformation Project
- Increased complexity and growing demand for service in support of IDS programs.
- Building a versatile team that is equipped to adjust to the City's changing service delivery models to ensure seamless provision of financial and administrative support services.

Priority Actions

- Continue to transform service delivery through leveraging automation and realign resources to respond to changing requirements.
- Lead and support IDS divisions with implementing the Financial Sustainability Program including future phases of the Budget Modernization Process and the Financial System Transformation project.
- Provide ongoing IDS support and co-ordination of various payroll and human resource transformation projects.
- Provide reliable and timely financial management reporting to IDS divisions to support data-driven decision-making and promote compliance.
- Continue to lead and support the development and delivery of new online engagement tools for virtual public engagement during COVID-19 and beyond.
- Collaborate with the Indigenous Affairs Office, and other City Divisions, on the development of an approach for engaging First Nations in archaeological assessments for City building/capital delivery projects.
- Continue to focus on staff training and cross-training to build workforce capacity and enhance skill sets.
- Continue to lead and support the development of an IDS Confronting Anti-Black Racism Framework of Action and Employee Engagement Strategy.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2022 Operating Budget for Policy, Planning, Finance and Administration of \$16.730 million gross, \$11.870 million revenue and \$4.860 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Corporate Leadership	1,302.2	253.9	1,048.3
Organizational Effectiveness	257.9	26.0	232.0
Financial Management	8,382.7	6,324.5	2,058.2
Program Support	6,787.1	5,265.1	1,521.9
Total Program Budget	16,729.9	11,869.5	4,860.4

2. City Council approve the 2022 staff complement for Policy, Planning, Finance and Administration of 167.1 positions comprised of 6.0 capital positions and 161.1 operating positions.

2022 OPERATING BUDGET

2022 OPERATING BUDGET OVERVIEW

Table 1: 2022 Operating Budget by Service

(In \$000s)	2020 Actual	2021 Budget	2021 Projection*	2022 Base Budget	2022 New / Enhanced	2022 Budget	Change v. 2021 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Organizational Effectiveness	74.0	25.1	22.9	26.0		26.0	3.1	13.6%
Financial Management	4,315.5	6,135.5	5,659.7	6,324.5		6,324.5	664.8	11.7%
Program Support	5,824.8	5,146.1	4,887.7	5,265.1		5,265.1	377.4	7.7%
Corporate Leadership		245.2	223.5	253.9		253.9	30.4	13.6%
Total Revenues	10,214.3	11,552.0	10,793.8	11,869.5		11,869.5	1,075.7	10.0%
Expenditures								
Organizational Effectiveness	313.4	269.0	319.4	257.9		257.9	(61.4)	(19.2%)
Financial Management	7,608.5	8,351.0	7,895.6	8,382.7		8,382.7	487.1	6.2%
Program Support	5,709.4	6,727.8	6,318.3	6,787.1		6,787.1	468.8	7.4%
Corporate Leadership	1,187.0	1,214.6	1,153.1	1,302.2		1,302.2	149.0	12.9%
Total Gross Expenditures	14,818.3	16,562.4	15,686.4	16,729.9		16,729.9	1,043.5	6.7%
Net Expenditures	4,604.0	5,010.4	4,892.6	4,860.4		4,860.4	(32.2)	(0.7%)
Approved Positions**	169.1	167.1	N/A	167.1		167.1	N/A	N/A

*2021 Projection based on Q3 Variance Report

**YoY comparison based on approved positions

COSTS TO MAINTAIN EXISTING SERVICES

Total 2022 Base Budget expenditures of \$16.730 million gross reflecting an increase of \$1.044 million in spending above 2021 projected year-end actuals, predominantly arising from:

- Salaries and benefits increases due to cost of living adjustments for existing positions.
- Above pressures are partially offset by base expenditure savings arising from a line by line review, other operational savings, and other revenue.

COSTS TO ENHANCE SERVICES

New and Enhanced Service: Policy, Planning, Finance and Administration does not have New and Enhanced Services requests.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: There are no proposed changes in PPFA's 2022 Operating Budget which would result in any equity impacts.

2022 OPERATING BUDGET KEY DRIVERS

The 2022 Operating Base Budget for Policy, Planning, Finance and Administration is \$1.044 million gross or 6.7% higher than the 2021 Projected Actuals. Table 2a below summarizes the Operating Budget by revenue and expenditure category, while Table 2b summarizes New and Enhanced requests.

Table 2a: 2022 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2019 Actual	2020 Actual	2021 Budget	2021 Projection*	2022 Budget	2022 Change from 2021 Projection	
	\$	\$	\$	\$	\$	\$	%
Transfers From Capital	2,637.2	2,810.6	2,895.1	2,895.1	2,911.3	16.2	0.6%
Sundry and Other Revenues			100.0	100.0	100.0		
Inter-Divisional Recoveries	7,680.3	7,403.7	8,557.0	7,798.7	8,858.3	1,059.5	13.6%
Total Revenues	10,317.5	10,214.3	11,552.0	10,793.8	11,869.5	1,075.7	10.0%
Salaries and Benefits	14,894.6	14,528.6	16,066.8	15,274.1	16,306.3	1,032.2	6.8%
Materials & Supplies	172.6	39.2	107.5	72.7	47.5	(25.1)	(34.6%)
Equipment	40.6	28.3	56.8	43.8	56.8	13.0	29.7%
Service and Rent	155.0	141.9	331.2	256.9	319.2	62.4	24.3%
Contribution To Reserves/Reserve Funds	49.8	50.6					
Inter-Divisional Charges		29.7		39.0		(39.0)	(100.0%)
Total Gross Expenditures	15,312.5	14,818.3	16,562.4	15,686.4	16,729.9	1,043.5	6.7%
Net Expenditures	4,995.0	4,604.0	5,010.4	4,892.6	4,860.4	(32.2)	(0.7%)

*2021 Projection based on Q3 Variance Report

Key Base Drivers:**Salaries & Benefits:**

Include increases in salaries and benefits for existing positions. These increases have been partially offset by base expenditure savings arising from a line by line review, other operational savings, and other revenue.

Materials and Supplies:

Include reductions arising from line by line review to reflect actual spending and other operational savings.

Services and Rents:

Include increases reflective of requirement for employee related costs and operational priorities.

Other Revenue Changes:

Include increases for recovery of gross expenditures from rate-based programs (Toronto Water and Solid Waste Management Services) and anticipated recovery for capital funded positions.

Offsets and Efficiencies:

The 2022 Operating Budget includes \$0.072 million in gross and net expenditure reductions attributed to:

- A net reduction in base budget expenditure requirements (including materials and supplies and services and rents) to reflect actual experience.

Note:

1. For additional information on 2022 key cost drivers refer to [Appendix 2](#) for a summary of balancing actions, [Appendix 3](#) for a more detailed listing and descriptions of the 2022 Service Changes and [Appendix 4](#) for the 2022 New and Enhanced Service Priorities, respectively.

2023 & 2024 OUTLOOKS**Table 3: 2023 and 2024 Outlooks**

(\$000s)	2021 Projection	2022 Budget	2023 Outlook	2024 Outlook
Revenues	10,793.8	11,869.5	12,019.7	12,152.2
Gross Expenditures	15,686.4	16,729.9	17,057.3	17,179.9
Net Expenditures	4,892.6	4,860.4	5,037.6	5,027.7
Approved Positions	N/A	167.1	167.1	165.1

Key drivers

The 2023 Outlook with total gross expenditures of \$17.057 million reflects an anticipated \$0.327 million or 1.96 per cent increase in gross expenditures above the 2022 Operating Budget based on inflationary increases for salaries and benefits.

The 2024 Outlooks expects a further increase of \$0.123 million or 0.72 per cent above 2023 gross expenditures based on inflationary increases for salaries and benefits.

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

In \$ Thousands				
COVID-19 Impacts	2021 Net	2022		
		Revenues	Gross	Net
Expenditure Increase				
Personal Protective Equipment	0.8			
Overtime and shift bonus	1.0	-	-	-
Sub-Total	1.8	-	-	-
Savings due to Underspending				
Salary & Benefits - Emergency Leave	(133.2)			
Sub-Total	(133.2)	-	-	-
Total COVID-19 Impact	(131.4)	-	-	-

Appendix 2

2022 Balancing Actions

(\$000s)										
Recommendation	Savings Type	Equity Impact	AG Recs	2022				2023 (Incremental)		
				Revenue	Gross	Net	Positions	Gross	Net	Positions
Line-by-line review	Line By Line	No Impact	No	-	(72.0)	(72.0)	-	-	-	-
Total Balancing Actions				-	(72.0)	(72.0)	-	-	-	-

The 2022 Operating Budget includes \$0.072 million in gross and net expenditure reductions attributed to:

- A net reduction in base budget expenditure requirements (including materials and supplies and services and rents) to reflect actual experience.

Appendix 3

Summary of 2022 Service Changes

N/A

Appendix 4

Summary of 2022 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2022 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

2022 Capital Budget; 2023 - 2031 Capital Plan Including Carry Forward Funding

N/A

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Summary of Capital Needs Constraints

N/A

Appendix 9

2022 User Fee Changes

(Excludes User Fees Adjusted for Inflation)

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

2022 Operating Budget

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Withdrawals (-) / Contributions (+)		
		2022	2023	2024
		\$	\$	\$
Beginning Balance		551.9	551.9	551.9
Vehicle Reserve - PPFA	XQ1401			
<i>Withdrawals (-)</i>				
<i>Contributions (+)</i>				
<i>Policy Planning Finance and Administration</i>				
Total Reserve / Reserve Fund Draws / Contributions		551.9	551.9	551.9
Other Program / Agency Net Withdrawals & Contributions				
Balance at Year-End		551.9	551.9	551.9

* Based on 9-month 2021 Reserve Fund Variance Report

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).