

2023 Business Case Report

Presented To: Special City Council

Meeting Date: November 30, 2022

Type: Managers' Reports

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Financial Support &
Budgeting

Recommended by: General Manager of
Corporate Services

Report Summary

Consistent with direction provided by the Finance and Administration Committee in June 2022, this report provides draft business cases for the 2023 Budget to obtain further direction that will support the production of the 2023 Budget in time for the Committee's final review by March. This report was originally published on the November 8, 2022 City Council agenda.

Resolution

THAT the business cases presented in 'Appendix 1' of the report entitled '2023 Business Case Report' from the General Manager of Corporate Services, presented at the Special City Council meeting on November 30, 2022, be presented for consideration during the 2023 budget deliberation process.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

Financial Implications

There are no direct financial implications associated with this report. If any of the business cases presented in Appendix 1 are approved for consideration as part of the 2023 Budget, a financial implication will only arise if Council decides to include them in the final, approved budget.

Background

The purpose of this report is to satisfy the condition that all business cases be approved by the Committee prior to their inclusion in the 2023 Budget Document. Business cases allow Committee to consider details about a potential budget change like the pros and cons, risks, and alternatives (where possible). As described in Appendix 1, each business case produces either a net cost or a net cost reduction. If all other

elements of the draft budget remain unchanged, approving a business case would have an implication on the final tax levy.

On June 21, 2022, the Finance and Administration Committee (“the Committee”) provided 2023 budget directions following deliberations regarding a variety of service demands and affordability considerations. Staff have been preparing work plans and budgets that reflect Council’s directions. The work remains on schedule to submit a budget for Council’s review in January, with approval anticipated in March.

Among other directions regarding the preparation of the 2023 Budget, the Committee directed staff as follows:

Direction - Resolution Five: THAT staff present any service enhancements, changes in services, or new service proposals as business cases for consideration by the Finance and Administration Committee on a case-by-case basis, subject to the following conditions:

- a. All business cases must be approved by resolution of the Finance and Administration Committee to be incorporated into the 2023 Budget Document; and
- b. Any business case with a value of \$100,000 or less be incorporated into the base budget where the Executive Leadership Team supports the change, with a summary of such changes disclosed to the Finance and Administration Committee in the budget document.

This report responds to the above-noted budget direction. This meeting is intended to inform the Committee’s deliberations about the value of anticipated outcomes and financial implications of draft business cases. It should facilitate understanding of the potential tradeoffs required to incorporate any of these business cases into an approved 2023 budget.

Analysis

A business case describes a change in service or service level that, typically, addresses one or more of the following desired results:

- Resolve an unmet service need which current resources are not able to fulfill.
- Prepare for future investments by producing strategies, master plans or other similar planning activities that will guide capital and/or operating budget investments in future periods.
- Change existing resources to sustain existing service levels and/or operating efficiencies (for example, to convert contract/temporary staff to full-time staff).
- Invest in physical assets and/or staff to realize service innovations and/or net cost reductions.
- Change existing service levels based on service reviews that examine options for improving service levels and/or reducing the City’s net costs.

A change in service or service level, in this context, goes beyond the adjustments managers might make throughout the year to support current, approved service levels. Where a business case has a value of \$100,000 or less, as noted above, the Committee delegated responsibility for evaluating it to the Executive Leadership Team. These will be described as part of the recommended budget.

Initiating a Business Case

Business cases are either directed by Council or Committee through resolution or they are directed by ELT based on its understanding of operational requirements and Council’s strategic priorities. As per the Committee’s direction at the June 21 Finance and Administration committee meeting, Appendix 1 includes:

- Council Directed
 - Business cases requested through a Committee or Council resolution.
- Staff Initiative
 - Staff initiated business cases reviewed and approved by ELT for further consideration.

- Budget Reduction Initiative
 - Business cases for service level adjustments which enable Resolution One of the 2023 Budget Direction Report. This resolution seeks recommendations for changes to service levels and/or non-tax revenues so that the level of taxation in 2023 produces no more than a 3.7% property tax increase over 2022 taxation levels, in accordance with the long-term financial plan.

Impact of Approving a Business Case for Consideration in the 2023 Budget

The intent of the November 8 meeting is to identify those business cases that, following its review of the details and planned outcomes, Council is willing to consider for inclusion in the final 2023 Budget. A decision to approve a business case for consideration as part of the draft budget does not mean it is automatically included in the final budget; this only occurs after the Committee considers the entire budget at its meetings in February and March. Nevertheless, the Committee could also direct a business case be automatically included in the final budget.

Where a business case has a tax levy impact, reviewing them now provides an opportunity for identifying other budget adjustments that could help offset such an impact. For example, adding a new service or increasing a service level may create a tax levy increase, but it may be able to be offset by reducing a different service level or adjusting a user fee. Anticipating such adjustments now, or over the next few months, provides committee members and staff with some time to analyze the adjustment and prepare appropriate budget amendment motions for consideration in February.