

Background:

The annual budget document and the budget process itself have undergone a number of changes over the past 4 years. The main focus of the process has shifted to describe anticipated service outcomes for the 58 lines of service provided by the City, planned project objectives and supporting financing plans. The focus is on the relationship between services, service levels and costs, not only the financing plans and associated tax levy changes. Along with these changes, the look and feel and how the numbers were presented has transformed to make the document more user friendly in its description of the performance and outcomes the plan anticipates.

Given these considerable changes, staff requested councillors' feedback based on the 2020 process. All councillors were invited to provide feedback and seven one-on-one meetings with individual councillors helped staff gather feedback on what went well and what could be improved. The meetings were focused on 6 topics: budget forecast and direction; the budget document; business cases; community engagement; the question and answer period; and budget deliberations. This report details the findings of the one-on-one meetings, as well as staff's recommendations to address the areas that require some further changes.

Budget Forecast and Direction:

In May 2019, staff presented a 2020/2021 forecast to the Finance and Administration Committee to obtain budget direction. This is the start of the budget development process. In 2019 the committee directed staff to prepare a plan that had no more than a 3.5% property tax increase with options to achieve an increase of 2.5% and 3%, with an option to include a 1% levy designated for road maintenance. It also directed staff to describe the service impacts of a 4.5% property tax increase..

What went well:

- There was clear direction and understanding about the expectations expressed by the committee.
- There were clearly defined parameters for building the 2020 Budget. Staff were able to meet Council's directions, subject to a number of base budget adjustments that were described in an update delivered in September.

Areas to Improve:

- The budget debrief meetings included a request for additional information on how the forecast was prepared and what went into the budget direction report.

Proposed Change #1: Staff will increase emphasis on the two year forecast, the budget development process and additional information about the factors influencing the 2021 Budget.

- It was not generally understood by all councillors that setting the Budget Direction and Forecast is the starting point of the budget development process. If there are changes, or recommendations by the Committee, they should be discussed at this point.

Proposed Change #2: Staff will increase emphasis on the opportunity councillors have to amend recommended budget directions, or provide additional recommendations, while the committee considers the Budget Directions report.

Budget Document:

The budget document serves multiple audiences' needs and fulfills several accountability and decision support requirements. To achieve this, it offers both summarized and detailed information describing planned service levels, performance information and benchmarks, and details that describe financial choices available to Committee. It also provides detailed program information to support understanding the dependencies that exist between various parts of the organization and the contributions each make to the corporation's planned results. The 2020 document included aspects from the Core Service Review to further highlight the relationship between services and the respective costs.

What went well:

- The document was well received by members of Council. Staff heard comments that the document is approachable and that it tells a compelling performance story.
- Staff also heard comments that there was a good depiction that services drive costs, with the incorporation of the 'Services' section.

Areas to improve:

- Councillors expressed an interest in receiving more information about the choices made to produce a plan that fit within the established budget directions. Staff heard comments that councillors want to know how staff worked through the process, what decisions were made, and the changes year over year.

Proposed Change #3: Staff will provide more details about the choices involved in producing a draft budget. This could take the form of 'Budget 101' meetings with small groups of councillors to provide detailed information about the deliberations staff completed to produce a plan that fit within Council's budget directions. The purpose of these meetings would be to educate and inform Council of the process, decisions, and highlights of that year's budget. Some councillors expressed a desire for a review, ahead of the budget deliberation process which involved the entire committee, with members of ELT reviewing the respective sections of the document.

- The method for determining the 2020 budget figures can be clarified. Staff heard comments requesting the story of 'how' the City of Greater Sudbury finalized the budget document. Staff heard requests for more information about the corporation's subservices and line accounts. Some councillors expressed satisfaction with the current level of detail provided.

Proposed Change #4: Staff will examine how to rearrange current process steps so that, when there are inquiries about line item details, they can be addressed earlier in the review process and avoid distraction when the Committee is finalizing the budget.

Business Cases:

The business case section continues to evolve in order to respond to Council's information requests and its desire to make informed decisions.

What went well:

- The template continues to improve and it provides the necessary information to the Committee. It was recommended that business cases should include multiple scenarios rather than the maximum or minimum considering service levels can vary.

Areas to improve:

- The process of recommending a business case, and the overall dollar impact was a concern to a number of councillors.

Proposed Change #5: When a councillor requests a business case, there should be a resolution approved by Council or Committee to support its development. Councillors may bring forward their requests at any meeting and ask for a business case to be prepared for consideration during the budget process.

Proposed Change #6: Staff will include a recommendation in the budget direction report that any business case below \$100,000 be included in the base budget and disclosed in the budget document.

Proposed Change #7: Where staff anticipate recommending a business case for inclusion in the recommended budget, it will first be presented for information to Committee in advance of budget deliberations. The purpose of this additional process step is to clarify the rationale for the business case and proposed financing plan. Over time, the distinction between Council and staff business cases can be removed with the list business cases representing Committee approved opportunities to improve service delivery.

A unique risk with the 2021 budget development process is the effect of the corporation's ongoing response and recovery to the COVID-19 pandemic. With many committee meetings curtailed during the COVID-19 pandemic emergency, staff may need to recommend alternatives to presentation of potential business cases at Committee.

Community Engagement:

The City has utilized online services to provide a budget tool for the past three years as well as information sessions with the general public. Staff continuously look for new ways to engage the public in the budget process.

What went well:

- Councillors were content with the Community Engagement strategies. These sessions allowed staff to share information on the 2020 budget process and the issues facing the City. It also allowed for citizens to have their questions answered and ideas heard.

Areas to improve:

- Public information sessions were not well attended and required a significant amount of staff time.

Proposed Change #8: Staff will continue to be creative and develop new engagement opportunities.

- The online interactive tool received varying comments with the budget survey and ideas. Only 164 individuals completed the survey with 13 individuals providing ideas.

Proposed Change #9: Staff are currently evaluating options to better involve and educate the public on the budget through an online tool and to open it to feedback earlier in the budget process.

Question and Answer Period:

At the request of Council, staff held a budget Q&A meeting at a Finance and Administration Committee meeting.

The number of questions received during the Budget Q&A period has increased significantly, from under 10 questions for the 2019 Budget, to over 100 questions for the 2020 Budget.

What went well:

- The process was well received as it potentially reduced the number of meetings required, and staff were given the opportunity to thoroughly answer all questions.

Areas to improve:

- There was confusion on which questions to staff were to be published.

Proposed Change #10: Staff will be recommending that only questions sent to the budget email address (budget@greatersudbury.ca) are to be published. This will be included within the resolution included in the budget direction report.

Budget Deliberations:

Budget deliberation meetings allowed councillors to focus on strategic decisions relating to service level changes. Some members at Council have indicated that they would like to see more detail.

What went well:

- The deliberation meetings continue to allow Committee to focus on strategic decisions. The conversations revolve around service levels and the corresponding financing plans.

Areas to improve:

- There is a view that the Budget has evolved to a point where the level of preparation for Committee members has increased and councillors need more opportunities to clarify their understanding of it. The annual consolidated budget for the City of Greater Sudbury is now typically in the range of \$700 million. With its emphasis on explaining both service levels, performance and costs, the Budget document offers opportunities for understanding municipal operations in ways that it historically didn't provide. It provides insights into the cause-and-effect relationship between changes in either service levels or cost, making the document (and the process) complex.

Proposed Change #11: Additional meetings will be scheduled. The form of these meetings can be determined, but there are options. For example, one alternative would see members of the Executive Leadership Team reviewing sections of the document in advance of budget deliberation meetings in one on one meetings with Councilors. Or, such reviews could occur at scheduled committee meetings.

Proposed Change #12: Budget meeting start times can be changed to 2:00 pm.

- During the 2020 budget deliberations, Chair Jakubo invited a round table discussion about the budget, with all members present sharing their objectives for the process. This included comments from individual councillors about their interests as well as their expectations from the budget meetings.

Proposed Change #13: It is recommended to have this conversation at the onset of deliberations. The conversation at committee clarified a set of objectives for the process from each Committee members' perspective and greatly assisted in moving the process forward. It was an excellent conversation starter as well as an agenda like list of the types of interests Committee members wanted to be sure were discussed during deliberations.

Additional Proposed Changes

Committee members offered other comments with the intention of suggesting improvements to the budget process for 2021. The following are additional items that were raised:

- Requests for further detail were as follows:
 - Line by line detail earlier for review
 - More granular detail on a program level rather than by Division

- Presentations by each GM with more detail at the respective committee meetings (i.e. the Growth and Infrastructure detail would be presented to Operations Committee or in advance of final budget deliberations at a Finance and Administration Committee meeting).
- When projects are presented in the budget document (specifically capital), the benefit of why this is being recommended should be included. What is the ripple effect of not doing this? Why are we doing this now? Additional information should be included when presenting capital projects for Committee's consideration.
- Certain sections of the document seemed repetitive.
- Balances of reserves should be included for Council's consideration (committed, uncommitted, opening and ending balances) as funding sources or as long term financial context for decision making.
- The Long-Term Financial Plan should play a bigger part during the budget process and deliberations. It is touched on during the document, but a presentation should be included to further educate the impact of what the current year budget has and how it compares to the Long-Term Financial Plan.
- Include further analysis on the organization structure, specifically management before considering service level reductions, the City should do a scan of the current structure and provide findings to Committee. There is an interest in understanding how our management structure compares to other municipalities.
- A recommended plan of action should accompany the request of a special capital levy.

Summary and Next Steps:

Staff heard positive feedback on the budget document and overall process and the proposed changes described here further develop a process that is serving the organization well. However, continuous improvement is necessary with the size and diversification of the organization. Staff will continue to review best practices and incorporate feedback to continuously improve the budget document.

Staff are currently developing a 2021/22 forecast, which will be brought to the Committee along with a request for budget direction. Due to COVID-19, the presentation of the budget direction report will be delayed to the third quarter, instead of the normal timing during the second quarter. This year, the budget forecast and direction report will move to either the July or August committee meeting and consequently, the finalization of a 2021 budget will take place in early 2021. Given the uncertainty surrounding recovery from the COVID-19 pandemic, staff will monitor and make best recommendation on timing in the budget direction report. Although the Municipal Act does not provide an absolute deadline for a municipality's annual budget, it is imperative to finalize certain elements of the budget like water/wastewater rates and the capital budget so as to minimize losses related to billing and timing of procurements.

The direction report will highlight potential changes to the budget document and/or process based on the feedback received for committee's consideration and direction.