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2011 BUDGET DIRECTIONS

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated April 9, 2010, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that:
1. Council approve the proposed timetable for the 2011 budget.

2. PURPOSE

This report provides an overview of the 2011 Regional Business Plan and Budget process, including process enhancements and proposed key milestones for budget development.

3. BACKGROUND

The 2011 Business Plan and Budget will be one of the first orders of business for the new term of Council

The business plan and budget process involves the development, review and approval of the annual Operating, Capital and Rate budgets. In non-election years the budget review process typically occurs during October to December. During election years the process extends into the early spring, with adoption in March or April. The 2011 business plan and budget will be the first budget approval for the next term of Council.

Multi Year budget approval was reviewed as a possibility for implementation in 2011-12

In 2011 it is anticipated that Council will be presented with, and approve, two budgets. Due to the beginning of a new term of Council, the 2011 budget will be tabled in January 2011 with anticipated approval in March/April 2011. The 2012 budget process will follow the normal process of tabling in October with anticipated approval in December 2011. As a result of this particular scenario, staff researched the possibility of implementing a multi year budget approval process. With a multi year budget approval, budgets for 2011 and 2012 could be approved at the same time.

There are advantages and disadvantages to implementing such a significant process change. These issues were reviewed and discussed as they would apply to the Regional Municipality of York.

4. ANALYSIS AND OPTIONS

An enhancement of multi year business planning is proposed

Given the time devoted to developing and approving two budgets in one year, staff reviewed the existing process in an effort to identify areas for efficiencies and enhancements with the objective of incorporating a multi year budget approach.

Multi year budgets encourage policy oriented decision making, potentially save staff and Council time, and allow for two years of tax levy increases to be known. A few disadvantages identified with implementing this process at York Region included the timing of implementing such a change with a new Council, the lack of clarity on the intent of the legislation contained in the *Municipal Act*, and implementation challenges due to the existing structure and number of programs which may reduce the potential time savings.

While multi year budgeting remains of interest, it is not recommended to implement a two year budget approval at this time. However, with the objective of multi year budgeting in mind, enhancements to our existing process are proposed that will provide for a multi year business planning approach. As a result, emphasis will be placed on growth and enhancement requests for both 2011 and 2012 and including these initiatives as part of 2011 Committee presentations. Although it is proposed that Council approve only the 2011 budget in March/April, the information provided on the 2012 budget pressures at that time will provide Council with information on which a 2012 target can be established and communicated. This is intended to help streamline the 2012 business plan process and documentation and provide Council with more strategic outlook year information.

This approach is recommended as it provides Council with more strategic information, requires less staff time to implement in 2011 and ultimately is a step towards multi year budgeting.

2011 budgets will be developed using the existing Base, Growth and Enhancement framework

The budget will continue to be developed using the existing Base (include annualization and mandatory), Growth and Enhancement framework. Base pressures represent those items required to maintain existing service levels, full year impact of prior year decisions and implications of decisions made by other levels of government. The expectation is that the 2011 base budget increases would maintain existing service levels with an inflation based goal. Current inflation as measured by the Consumer Price Index is averaging approximately 2.0%.

Growth and Enhancement requests reflect increases in service level related to population growth or provision of new or enhanced levels of service. These items will be presented to Committee and Council separately so as to provide Council with a strategic view of what is proposed for York Region.

Key milestones for budget development in 2011 include tabling and approval of two business plans and budgets

As outlined in table 1 below, January represents the beginning of the next business plan and budget development process with the tabling of the 2011 budget. Approval of the 2011 budget is anticipated in March/April. It is proposed that the 2012 budget development process begin in May 2011 with tabling to Council in October and final approval in December.

Table 1
2011 & 2012 Budget Proposed Timelines

Date	Activity
2011 Budget Process	
January 2011	Table with Council
February 2011	Committee Reviews
March/April 2011	2011 Council Adoption
2012 Budget Process	
October 2011	Table with Council
November 2011	Committee Reviews
December 2011	2012 Council Adoption

Additional detailed timelines will be presented to Council in January 2011.

5. FINANCIAL IMPLICATIONS

While there are no direct financial implications associated with this report, the budget will establish expenditures and funding for the provision of Regional services in 2011.

6. LOCAL MUNICIPAL IMPACT

There are no direct local municipal impacts associated with this report.

7. CONCLUSION

The enhanced 2011 business plan and budget will establish an increased emphasis on initiatives planned until 2014. In particular, new initiatives planned for 2011 and 2012 will be highlighted as part of the 2011 budget process in order to provide Council with more accurate estimates early in the process. By implementing such process improvements, Council will have information to assist in establishing a 2012 tax levy increase target earlier in the process.

It is proposed that the 2011 budget be tabled with Regional Council in January 2011 with approval in March 2011.

For more information on this report, please contact Kelly Strueby at Ext. 1611.

The Senior Management Group has reviewed this report.