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**Date** December 14, 2022 **Report No.** 2022-723

**To** Chair and Members  
Finance Committee

**From** Joelle Daniels  
Director of Finance/City Treasurer

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## 1.0 Type of Report

Consent Item	<input checked="" type="checkbox"/>
Item For Consideration	<input type="checkbox"/>

## 2.0 Topic Multi-Year Budget Update [Financial Impact – none]

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## 3.0 Recommendation

THAT Report 2022-723 titled Multi-Year Budget Update BE RECEIVED.

## 4.0 Executive Summary

Several benefits are expected from a multi-year budget approach including longer-term funding plans to align with Council's longer-term vision. As Council begins a new term and prepares to set priorities for the next four years, it is an ideal time to begin to focus on the transition to a multi-year budget process. Several tasks are required to be undertaken and staff are anticipating to complete these tasks in advance of the 2024 budget.

## 5.0 Purpose and Overview

The purpose of this report is to provide an update on the development of a multi-year budget process.

## 6.0 Background

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In October, 2020, Council endorsed the 2021-2022 Priorities which provide objectives for staff to undertake as the city continues to grow and move into the future. As part of the desired outcomes for “high trust through demonstrated progress in taxpayer affordability and value for money”, was the Tier 2 priority to establish a multi-year budgeting process.

The City of Brantford currently budgets on an annual basis. Each year an operating forecast and a multi-year capital forecast is presented. In addition, the City has adopted several long-term strategic plans including the Official Plan (2021), 2021 Asset Management Plan, Development Charges Background Study (2021), Transportation Master Plan(2021), Master Servicing Plan (2021), Downtown Community Improvement Plan (2021), Affordable Housing Action Plan (2020), Parks and Recreation Master Plan (2018), and Waterfront Master Plan (2010). These strategic documents support the development of multi-year budgets for both operating and capital.

Multi-year budgeting has a number of benefits that are outlined in Section 9 of this report, and has been implemented in other medium to large municipalities both in Ontario and across Canada.

## **7.0 Corporate Policy Context**

Desired Outcome #4 of Council’s Priorities is “There is high trust in the City through demonstrated progress in taxpayer affordability and value for money”.

One of the Tier 2 Priorities under this outcome is “Establish a multi-year budgeting process and an affordability index to provide long-term budget guidance”.

## **8.0 Input From Other Sources**

Staff have reached out to various other municipalities that have implemented multi-year budgets to obtain knowledge and guidance in the development of this process.

## **9.0 Analysis**

### **9.1 Multi-Year Budgeting**

Implementing a multi-year budgeting and planning process enables Council to implement multi-year visions which improves financial management and long-range planning. As the City continues to grow and the new term of Council

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begins, this is an ideal time to provide an update on a multi-year budget process, and the steps required for the implementation of a multi-year budget in advance of the 2024 Estimates process.

Section 291 of the *Municipal Act, 2001* authorizes a municipality to prepare and adopt a budget covering a period of two to five years. The City of Brantford is proposing to utilize a four year period, which is consistent with many other municipalities that currently prepare multiple year budgets. Rather than approving a budget annually, Council would approve budgets for the next four years, subject to annual confirmation, to establish funding necessary to support achieving Council's priorities, inflation, and opportunities for service efficiencies.

The benefits expected from a multi-year budget approach include:

- Providing a longer-term funding plan so that longer-term goals could be identified and achieved;
- Providing citizens with more certainty about the direction of City services, finances, and future budget increases;
- Making more strategic use of Council's time in reviewing budgets and staff's time in preparing them; and
- Better accountability and transparency between funding plans and costs of services.

## **9.2 Tasks to Implement Multi-Year Budgeting**

The process to move from the preparation and presentation of an annual budget to a multiple year budget requires several tasks to be completed.

1. Implement a multi-year budget policy.
2. Software enhancements necessary to support multi-year forecasting and reporting.
3. Develop procedures on how to prepare and manage a multi-year budget.
4. Training for staff and Council on a multi-year budget process.
5. Communication plans for staff, Council and citizens on the process and benefits of multi-year budgets.

The timelines currently proposed to carry out these tasks are as follows:

**Table 1-Tasks and Timelines for Implementing Multi-Year Budgeting**

<b>Task</b>	<b>Proposed Start Month</b>	<b>Proposed End Month</b>
Multi-Year Budget Policy	November 2022	April 2023
Software Enhancements	November 2022	May 2023
Procedure development	December 2022	April 2023
Training for staff and Council	February 2023	May 2023
Communication plans	January 2023	May 2023

As shown in Table 1, staff anticipate to have this process complete by May 2023, in advance of preparing the 2024 budget.

### **9.3 Progress to Date**

Over the last few months, staff have been working on identifying the approach needed to implement a multi-year budget process.

Several municipalities have been contacted that are either presenting multi-year budgets, or are in the process of implementing a multiple year budget. These municipalities have been helpful in sharing policies, reports and lessons learned regarding their process that have been used to assist in the development of a City of Brantford approach. Meetings with Finance staff from some of these municipalities have been set to occur over the next few weeks to gain additional insights into their experiences and ask questions on their processes.

The following provides an update on the City's progress for the first two tasks identified in Section 9.2.

#### **9.3.1 Implement a Multi-Year Budget Policy**

In researching municipalities that currently budget for multiple years, it was indicated in all cases that the first step in successfully achieving a multi-year budget process is to develop a policy that outlines the guidelines and approach to plan and approve a multi-year budget. In Ontario, the municipalities of Aurora, Waterloo, Chatham-Kent, Guelph, St. Catharines, London and Innisfil have all provided assistance with a copy of their respective policies. In Western

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Canada, the municipalities of Calgary, Edmonton, Winnipeg and Saskatoon have also provided copies of their policies.

A draft policy is current being developed for the City of Brantford which will enable the approval of a multi-year budget. Some highlights of the policy being developed include:

- The time period to be covered by a multi-year budget.
- A process for confirmation of budgets in subsequent years.
- Details on how to process budget adjustments to respond to change.
- Direction on approvals required when changes arise in the budget.
- An outline of a process for a rotating annual budget review

Once the draft policy has been completed, it will be presented to Council for review and input prior to adoption.

### **9.3.2 Software Enhancements Necessary to Support Multi-Year Forecasting and Reporting**

Before developing procedures on preparing and managing multi-year budgets, the first step to be undertaken is to gain an understanding on how the City's budgeting software, Questica, is able to support a change in the process.

Questica budget was first implemented in 2016 and has provided many opportunities for streamlining the City's annual budgeting process. As part of the transition to a multi-year budget, an upgrade was initiated of our current software in a development environment and is now in the testing phase. Upon completion of the testing, staff will begin to develop procedures on how to enter and manage multi-year budgets utilizing this software.

Additional enhancements to the budget software will also be required to support the creation of new features and reporting mechanisms to support the multi-year budget process. A 2023 capital project will be presented to the Estimates Committee to request the funds required.

## **9.4 Next Steps**

The next steps in working towards the development of a multi-year budget process are as follows:

- Completion of a draft multi-year budget policy to present to Council for input and feedback.
- Continue reviewing and testing software upgrade for Questica budget.
- Start to develop procedures on utilization of Questica budget software for multi-year budgeting.
- Begin a communication plan to generate awareness of how this change will impact staff, Council and public engagement.

Staff will continue to provide regular updates on the multi-year budget process to Council.

## **10.0 Financial Implications**

This report does not have a direct impact on the City's finances. The development of a multi-year budget process will provide Council and staff with greater efficiencies, in a more predictable financial framework which encourages forward looking analysis and evaluation, especially as the City continues to grow.

## **11.0 Climate and Environmental Implications**

There are no climate and environmental implications associated with this report.

## **12.0 Conclusion**

This report provides an update on the progress towards implementing a multi-year budget process. The major tasks and timelines have been identified along with highlights of a draft multi-year budget policy currently under development.



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Joelle Daniels  
Director of Finance/City Treasurer

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In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☐ yes ☒ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☐ yes ☒ no