

# Service Strategy/Business Plan Process

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2003 Business Plan





## Service Strategy/Business Plan Process

The foundation for the development of the Region of Peel's Business Plan is the Strategic Plan - *Directions for Success: Investing in Peel's Future* (refer to page 50-52 for details). The Strategic Plan guides Council and staff in addressing the changing needs of the people who live and work in Peel. It also establishes a framework for Peel's work with community partners.

Commencing with the 2003 business plan cycle, the Region has progressed to a new process known as the Service Strategy/Business Plan, a link between the Region's Strategic Plan and the day-to-day work of the departments, divisions and programs. It has become the primary corporate planning tool for all departments.

The detailed Service Strategy/Business Plans provide Council with strategic workplans which are required to realize the achievement of the strategic goals. These strategic workplans form an integral part of the organization's performance measurement and review process.

With every new term of Council (three years) a new strategic plan for the Region is developed. At the time a new strategic plan is developed, the departments, divisions and programs undertake a renewal of their service strategy/business plans. On an annual basis, current and capital budgets are prepared for each program and for the years when the service strategy/business plans are not renewed, they are reviewed and updated.

The corporate planning process involving the Strategic Plan, Service Strategy/Business Plan and Budget is described in the following flowchart.

The Region's service strategy/business plan process also includes the preparation of an annual current and capital budget with a further nine-year capital forecast.

## Corporate Planning Process

Frequency	Process and Products	Content
Every term of Council (3 Years)	Strategic Plan	Goals, Strategic Directions, Strategic Actions & Indicators
Annual update and renewal every 3 years	Service Strategy/ Business Plan    Service Strategy/ Business Plan    Service Strategy/ Business Plan	Strategic Actions, Actions, Core Business Services, New Actions & Indicators
Ongoing, renewed annually	Work Plan    Work Plan    Work Plan	Tasks required to fulfill Strategic Actions, Core Business Services & New Actions
Annual	Budget	Strategic Actions, Actions, Core Business Services, New Actions, Indicators and Expenditure & Revenue commitments

The current budget includes the expenditures and revenues approved by Regional Council each calendar year. A two-year operating forecast is also included in this plan.

The capital budget includes the expenditures and financing sources approved for capital spending to acquire, construct and maintain Regional assets. The capital forecast provides the long-term view of Regional infrastructure and non-growth related asset acquisition or construction requirements, as well as the related financing sources.

# Service Strategy/Business Plan Cycle

Commencing with the 2003 business plan cycle, the Region has moved to the service strategy/business plan process. This is the primary planning tool for the Region and the link between the Strategic Plan and the day-to-day work of the departments, divisions and programs. It should reflect the current environment and future trends and will be reviewed and renewed annually.

In the spring of each year, the Chief Administrative Officer (CAO) and the Executive Management Team (EMT) meet to establish objectives for the upcoming budget year. During the months that follow, the program service strategy/business plans are developed, taking into account Regional strategic directions and specific objectives determined each year by the CAO. These CAO Guidelines are an integral part of the Current and Capital Budget Instruction Guide utilized by all business program staff. The guidelines include factors such as growth assumptions, legislated changes, funding availability, cost pressures and service level assumptions.

Salary and wage projections are finalized and internal charges are established based upon service level agreements between Regional internal support service providers and their clients. The Finance business planning team analyzes and consolidates the program business plans and provides updates to management throughout the process.

The service strategy/business plans are refined in preparation for the detailed CAO/Treasurer reviews. The CAO and Treasurer meet with senior management and staff from every program to prioritize unmet needs and establish their budget recommendations to Council. Following the CAO/Treasurer reviews, the service strategy/business plans are finalized and distributed to Councillors for their review. A block of special Council meetings is set to afford program management the opportunity to present the details of their budget for deliberation and approval. The proposed service levels of the draft business plans' financial impacts are discussed at this annual review. Among other things, the discussions revolve around existing service levels, unmet needs, capital forecasts and reserve adequacy in concert with the strategic directions, all of which have been built into the draft service strategy/business plans. The culmination of this process is a budget that meets Council's strategic direction of maintaining competitive tax and utility rates for the residents of Peel.

# Service Strategy/Business Plan Timetable

Budget timetable finalized and published	April 1
Service strategy/business plan format published	April 15
CAO and Senior Management establish budget objectives	April 22
Programs develop service strategy/business plans	Spring/Summer
Service Level Agreements are finalized	July 30
Salary and wage projections are finalized	August 2
Internal Charges/Recoveries are finalized	August 2
Capital Budget input complete	August 28
Service strategy/business plans finalized	August 31
Draft budget document submitted to Finance and CAO	September 6
CAO and Treasurer reviews with programs commence	September 10
CAO & Treasurer recommendations incorporated into budget	September 27
Draft current and capital budget to Council	November 7
Council commences budget review	November 14
Budget approval by Council	November 21
Final legislative approval	May 29

# 2003 Budget Guidelines

All programs were directed to prepare their budgets in accordance with the budget objectives established by the CAO and senior management in May 2002. Further, a preliminary net expenditure target for each Region Directly Controlled Program was established and communicated by the CAO.

As part of their budget submission, program managers were instructed to provide the CAO and Treasurer with a business analysis for new operating initiatives and/or new capital projects. All costs and revenues generated both internally and externally were incorporated into the budget for all new initiatives.

# 2003 Budget Assumptions

- Assessment growth will be available to finance service enhancements dictated by Council
- The Corporation's overall continuous improvement initiative is expected to offset the impact of inflation for Region Directly Controlled Programs.

# Budget Philosophy

On June 13th, 1996 Council adopted the Financial *Control By-law* (By-law 49-96), establishing financial controls related to the Region's current and capital budgets and reserve management based on the solid foundation of Peel's budget principles. These principles, in conjunction with the Strategic Plan - ***Directions for Success: Investing in Peel's Future***, have guided the Region during the 2003 budget process. A complete discussion of the Region's financial management principles, controls, guidelines and directions is included in the Financial Management section on pages 53-65.

The departments indicated on the Corporate Organization Chart on page 30 are presented by commissioner reporting structure. Each department may encompass one or more programs as noted on page 31. The service strategies/business plans are presented by program.

The Region uses the Corporate Performance Measurement (CPM) tool to manage the efficiency, effectiveness and community impact of its service delivery. By using performance measurement indicators, services can be measured against the estimated needs. A complete discussion of CPM and Benchmarking initiatives is included in the section by that name on pages 66-69.

CPM data is included in each program's service strategy/business plan for a seven-year period – three years of actual results, two budget years and two forecast years.

# Service Strategy/Business Plan Format

Detailed service strategies/business plans for each program are included in this document. In order to maintain consistency between programs, the document format was established in the initial stages of the service strategy/business plan cycle. All internal programs and services have followed the format detailed below. The external organizations, however, were given the option and have chosen to follow the format as detailed in the section Region Financed External Organizations – Business Plan Format.

## Region Controlled Programs and Internal Support Services – Service Strategy/Business Plan Format

### A. Background

- A.1 Preparing the Service Strategy/Business Plan:** The roles and responsibilities of those involved; the timeframe for completion and the process used to develop the plan
- A.2 Key Contacts:** Contact information for the key people who can explain the plan, how it was developed and its contents
- A.3 Additional Information:** Other points of interest concerning the development of the service strategy/business plan

### B. Description of Current Services

- B.1 Program Location Map:** A geographical map identifying specific locations of services, structures or facilities related to the program
- B.2 Profile of Current Services:** A description of the key work activities undertaken by the program
- B.3 Description of Clients/Customers:** A description of the clients and customers associated with each main service area of the program
- B.4 Overall Organization Structure:** An organization chart showing Council approved full-time equivalent (FTE) positions
- B.5 Significant Recent Activities/Initiatives:** Information on unique or special activities completed in the past year

## C. Trends and Issues

- C.1 **Emerging Trends:** Information on trends that could have an impact on the services of the program
- C.2 **Key Strategic Issues:** Information on high level issues and unmet needs

## D. Mandate, Objectives and Actions

- D.1 **Mandate and Objectives:** The program's vision/contribution towards achieving the Region's Mission and Vision and the outcomes the program intends to achieve
- D.2 **Objectives and Actions:** A list of broad actions supporting each objective
- D.3 **Service Principles:** Further defining the Regional Values as they relate directly to the work of the program
- D.4 **Strategic Plan Connection:** A chart outlining the connection between the program's objectives and actions and the Region's Strategic Plan

## E. Monitoring and Measuring the Service Strategy/Business Plan

- E.1 **Measurement of Objectives/Actions:** Measurements identified for each objective/action
- E.2 **Performance Targets:** Details of 2002 targets and information of current progress and details of 2003 targets and plan for implementation
- E.3 **Corporate Performance Measurement and Benchmarking:** Information on performance related to program efficiency, community impact, customer service and external benchmarking

## F. 2003 Financial Requirements Presentation

- F.1 **Current Budget Introductory Comments/Analysis:** Highlights of the key issues impacting the budget, shifting priorities, and comments on the estimated impact of the capital budget and forecast on the current budget
- F.2 **Financial Structure Chart – Current Budget:** A chart presenting the financial reporting structure of the program

- E.3 2003 Current Budget:** The 2003 budget information including account and activity analysis and variance explanations for the program
- E.4 Capital Budget and Capital Forecast Introductory Comments/Analysis:** High level overview of the 2003 Capital Budget including a discussion of the highlights, comments on key drivers resulting in changes to the overall plans from the 2002 Capital Budget and comments on the estimated impact of the capital budget on reserves for 2003
- E.5 2003 Capital Budget and 2004 – 2012 Capital Forecast:** The 2003 budget reports including 10-year summary and detailed reports and a 2003 finance report

## Region Financed External Organizations – Business Plan Format

The Region Financed External Organizations are independent of the Region of Peel in their operations and, as a result, the individual documents may differ slightly from the specific format outlined below.

### A. Business Plan

- 1. Mission/Vision Statement:** The Organization's objectives, goals and commitments for service delivery
- 2. Program Location Map:** A geographical map identifying specific locations of services, structures or facilities related to the organization
- 3. a) Program Resources:** A description of activities, staffing, services provided and facilities maintained by the organization
- b) Organization Business Map:** An organization chart presented in the Corporate Performance Measurement format (i.e. by business unit)
- 4. Business Plan Highlights:**
  - a) 2003**
    - i) Existing Service Level Base:** A discussion of service levels currently being provided
    - ii) Unmet Needs/Issues/Priorities:** A discussion of the program's unmet needs and issues as well as significant changes in priorities from the previous year with an explanation of factors that led to those changes
    - iii) Strategic Directives:** A cross-reference describing how the business plan relates to the Region's Strategic Plan
    - iv) Capital/Reserves:** A discussion of capital expenditure impacts on existing reserves



**b) 2004 - 2005**

**i) Existing Service Level Base:** A discussion of future service level plans and expectations

**ii) Unmet Needs/Issues/Priorities:** A discussion of anticipated future unmet needs, issues and priorities with a strategy for addressing these factors and a plan for implementing solutions

**iii) Strategic Directives:** A cross-reference describing how the continuing business plan will relate to the Region's Strategic Plan in the future

**iv) Capital/Reserves:** A discussion of capital expenditure impacts on forecasted reserves

**c) 2006 - 2012**

**i) Issues/Priorities:** A discussion of anticipated future unmet needs, issues and priorities with a strategy for addressing these factors and a plan for implementing solutions

**ii) Strategic Directives:** A cross-reference describing how the continuing business plan will relate to the Region's Strategic Plan in the future

**iii) Capital/Reserves:** A discussion of capital expenditure impacts on forecasted reserves

**5. Performance Targets:**

**a) 2002:** Details of 2002 targets and discussion of current progress

**b) 2003:** Details of 2003 targets and plan for implementation

**B. Corporate Performance Measurement**

- 1. Program Efficiency:** A discussion of current performance efficiencies and expectations for maintaining and improving them
- 2. Community Impact:** Measured community impact in delivering the organization's services
- 3. Data:** A comparative chart which shows previous year's actual results, current budget and targeted forecasts for the organization
- 4. Customer Service:** Comments on the quality of program service provided to Peel's customers
- 5. External Benchmarking:** Comparison of Peel's program delivery against similar programs within the private and public sector, where available

## C. Current Budget

1. **Activity Analysis:** Financial breakdown of the cost of services provided
2. **Account Analysis:** Financial breakdown by expenditure and revenue categories
3. **Budgeted Cost Per Unit/Units of Service:** Cost per unit of service delivered by the organization
4. **Budget Variance Explanation:** Explanation of budget variances from the previous year

## D. 2003 Capital Budget and 2004 – 2012 Capital Forecast

1. **Ten Year Capital Program Summary – Expenditure and Financing by Year:**  
Program summary of total expenditures and financing sources by sub-program and year, for the 10-year capital plan
2. **Ten Year Combined Capital Program:** Detailed listing of the program's projects by sub-program, for the 10-year capital plan, including a description of each project
3. **2003 Financing Sources and Funding Status:** Project listing of total expenditures and financing sources for 2003 by sub-program, including funding status for each project, identified as "A" for approved or "P" for pending

# Budget Amendments

Redeployments of current and capital budgets are considered and processed throughout the year. Only redeployments that, in the opinion of the Treasurer, are significant and material shall be processed. The level of approval required (Council, the Chief Administrative Officer, Commissioner or Director) is dependent upon the materiality of the proposed change(s) on budgeted objectives or service levels. These protocols are incorporated within the Region of Peel's *Financial Control By-law*.

# Basis of Accounting and Budgeting

The Regional Municipality of Peel prepares financial information in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

## **Basis of Accounting and Current Budgeting**

The Region follows the accrual basis for accounting and current budgeting which recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay. The Current Budget includes annual expenditures for goods and services, salaries and wages, and contributions to reserves, as well as revenues from subsidies, grants, fees and other charges. The budget is approved each year by Regional Council for the period January 1 to December 31.

## **Basis of Capital Budgeting**

The Capital Budget includes expenditures and financing sources to acquire, construct and maintain Regional assets. The term of the majority of these projects extends beyond one year.

The Consolidated Schedules of Current Fund Operations, Capital Fund Operations and Reserve Operations are reported separately in the Region's statutory financial statements. Details of Peel's reserve and reserve fund policies and related discussion of its surplus management strategy, "Pay as You Go" capital budgeting principles and "just-in-time" financing practices are included in the Financial Management section on pages 53-65.

## **Basis of Financial Operations**

The Region's financial operations are structured with a "business" focus as opposed to a "public sector" focus. Accordingly, the Region does not follow typical public sector "fund" accounting practices (e.g. the Region is one of the few municipalities in Canada to operate under the commercial PeopleSoft license).

## Other Funds

In addition to the funds established for the restricted reserves discussed in the Financial Management section, Peel maintains a sinking fund as a separate fund for the purpose of providing periodic repayment of all debt to be retired by means of sinking funds. The financial activity and position of this fund are disclosed separately in the Sinking Fund financial statements. The financial activity and position of the funds held in trust by the Region for residents of its three long-term care facilities are also reported separately in the Trust Funds financial statements.

For further information, the Region of Peel's ***Financial Annual Report*** is available on the Web site at [www.region.peel.on.ca](http://www.region.peel.on.ca).

2003 Business Plan

