



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Moya Leighton, Treasurer and Director of Finance

DATE: May 3, 2021

REPORT NO.: CORPSERV-2021-0006

RE: Policy – Carry Forward of Unspent Contract Labour as General Surplus

RECOMMENDATION:

THAT Report No. CORPSERV-2021-0006 regarding the policy for the Carry Forward of Unspent Contract Labour as General Surplus dated May 3, 2021 be received;

AND FURTHER THAT Council adopts the policy for the Carry Forward of Unspent Contract Labour as outlined in Appendix A to this report.

BACKGROUND:

The development of financial policies is an important element of fiscal governance and can facilitate the decision-making process and help strengthen the financial health of the Town.

Each year as part of the operating budget it has been customary to include contract labour positions to support the delivery of municipal services. The Town's budget is planned and approved on a calendar year basis ie: January to December. The hiring of contract positions following the approval of the annual operating budget was oftentimes not in alignment with a January to December timeframe creating a budget surplus in one year and a deficit in the following year. To be able to align budget dollars with operating expenses, thus avoiding large operating variances and improve reporting, staff introduced the concept of carrying forward unspent budgeted dollars from one year to the next in 2017.

Since transitioning to this approach, it was noted that there have been instances where variances to budget have occurred such as a difference in the hourly rate of pay, a contract term which was less than originally planned or a change in operational need. To be able to govern this process and ensure appropriate direction is available for the

treatment of variances or changing operational needs, staff have developed a policy (Appendix A).

COMMENTS:

The policy formalizes the current process of permitting the carry forward of budgeted contract labour dollars to the following budget year to align the timing of the contract labour with the authorized funding, thus avoiding variances and improving reporting. Unspent budget dollars at the end of a budget year relating to a contract position that straddles two budget years will be carried forward into the following budget year and credited to the originating department.

In addition, the policy outlines the treatment of variances as they pertain to a shorter length of contract, favourable hourly rate or changes to operational needs. Finance staff will track savings throughout the budget year and will move any surplus funds out of the operating budget at year end. These funds will be held in general surplus and then credited back to a corporate operating budget department for use in the following year.

The policy provides guidance around the use of these corporate surplus contract employment funds. The intent is for these funds to be available to address changes to operational labour needs, allowing flexibility and the ability to respond quickly to change. To access the funds, the requesting department will need to complete a Needs Identification Assessment form. The Chief Administrative Officer will review and approve contract labour requests in relation to year-to-date operating results and availability of surplus contract labour funds. All contract recruitment must follow the Town's recruitment process.

RELATIONSHIP TO STRATEGIC PLAN:

This report supports the strategic objective pertaining to fiscal and corporate management.

FINANCIAL IMPACT:

There is no direct financial impact associated with this report. All contract labour funds that are carried forward to future budget years are already fully funded from existing operating budgets, and do not require further sources of funding.

CONSULTATION:

Finance staff consulted with the Acting Commissioner of Corporate Services and Director of Human Resources throughout the drafting of this policy.

PUBLIC ENGAGEMENT:

No public engagement is required with regards to this report.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

COMMUNICATIONS:

There is no communications impact associated with this report.

CONCLUSION:

The establishment of a policy for the carry forward of unspent budgeted contract labour provides clarity and direction on the treatment of variances related to those funds and also supports the provision of municipal services by allowing Town management the flexibility to respond quickly to changing operational priorities.

Reviewed and Approved by,

A handwritten signature in cursive script that reads "Laura Lancaster".

Laura Lancaster, Acting Commissioner of Corporate Services

A handwritten signature in cursive script that appears to read "C. Mills".

Chris Mills, Acting Chief Administrative Officer