

ZERO BASED BUDGET-STAFFING COMPLEMENT REVIEW

(Referred from the Budget Committee Meeting of November 16, 2004)

The Budget Committee, at its meeting of November 16, 2004, recommended the following:

That this matter be referred to the Budget Committee meeting of November 23, 2004.

Report of Councillor Di Vona, dated November 16, 2004

Recommendation

Councillor Bernie DiVona recommends:

1. That the City of Vaughan Senior Management Team (SMT) conduct a review of the staff complement and report back to the Budget Committee at the next meeting with the results of their review.

Purpose

The City of Vaughan Senior Management Team (SMT) has expressed a need to conduct a "zero based" budget approach for 2005. The "zero based" budget approach is a procedure and system by which each department manager justifies all resources used within their normal operation with respect to the service performance and delivery requirements.

More importantly, the traditional approach to budgeting has been to take the previous year's budget and often make additions or changes to the previous budget based on influences for that year. As a result, the traditional review approach does not address, or require a review of "fixed" human resources.

The Staff Complement Review is needed to update and compare the "approved staff complement" with the "actual staff complement".

It is important to remember the "approved staff complement" is the base number of individuals that has been included in the operating budget. The "approved" staffing levels is therefore the burden on the tax rate, i.e. the amount included in the tax base and collected.

The staffing complement review is needed, as there has been a traditional difference between the "approved" staff complement and the "actual staff complement".

The difference has NOT been the vacancies that currently exist but significantly more.

With the variance between the "approved" and "actual" staffing complement there is a budgetary surplus created as we collect monies for positions that have been unfilled, and more importantly, traditionally not filled. A reduction in the "approved" staff complement would result in a paper reduction in the operating budget with no elimination or reduction in any employee.

Background

The City of Vaughan Council has approved of a policy to have Vaughan Council approve of any/all staff positions. Over the years, and on an annual basis, requests have been made for approvals of "new" staff complements, changing of the organizational structure, and transfers between departments. No requests have been made to "delete" from the "approved" staff complement any position.

A review of the staff complement report for the past few years concludes as follows:

Year	Approved Staff Complement	Actual Staff Complement	Over/Under
2001	794	722	72
2002	839	771	74
2003	865	792	73
2004	895	844	54

Currently, the City of Vaughan Council receives notices of positions available and only a handful have been shown to be vacant and active placement activity exercised.

On an annual basis, the "burden" to the taxpayers is such that the tax rate includes positions that had been unfilled and the operating budget included the salaries and benefits for these positions. For each of the past three years, the City of Vaughan has experienced an operating surplus and human resources have been a contributing factor.

The vacancies are such that there has remained over the years a large volume of "vacancies" no where near the placement or hiring taking place at any one point in time. For example, the public works department has had between 7 and 14 vacancies each and every year.

A reduction of the approved staffing complement is a "soft" cut to the budget as it would result in no displacement of any actual employee and, as with the reduction in the economy, no further displacement or other action would be taken.

An estimated impact on the 2005 budget if 50 of the 54 positions would be deleted is in excess of \$3.5 million.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

A review of the existing City of Vaughan Staff Complement Report will better match the human resources that have been approved to the actual positions and current needs. It will reduce the "fixed" costs of the municipality so we can better manage real resources. It will result in the opportunity to reduce the impact of increased property taxes to all residents and businesses without affecting any existing employee.

Report prepared by:

Councillor Bernie DiVona