

HALIFAX

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Item No. 14.1.1
Halifax Regional Council
November 14, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

Jacques Dubé, Chief Administrative Officer

DATE: November 7, 2017

SUBJECT: **2018-19 Multi-year Budget Process and Consultation Plan**

SUPPLEMENTARY REPORT

ORIGIN

In September of 2016 Regional Council adopted amendments to Administrative Order 1, including the establishment of a Standing Committee of the Whole on Budget. Regional Council adopted a multi-year budget approach commencing with the 17/18 cycle. Now in year two of the multi-year approach, the 2018-19 Multi-Year Budget and Business Planning process, fiscal targets and consultation approach needs to be established.

At the October 17, 2017 meeting, Regional Council Approved the following motion:

Halifax Regional Council directs the CAO to:

1. Continue individual business unit operating budget presentations to Budget Committee of the Whole for consideration during the budget process as per past practice;
2. Bring a revised proposal for an expanded Capital Plan and Budget process as outlined in the staff report dated Oct 17, 2017 to run concurrently with the operating budget presentations

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION

It is recommended that Regional Council direct staff to:

1. Adopt the Capital Plan and Budget process as outlined in this report, and
2. Proceed with the 18/19 Budget and Business Plan consultation as per the schedule included in Attachment A of this report with the understanding that some dates may change throughout the process.

BACKGROUND

In past years, Regional Council directed staff to present the draft Budget and Business Plans to the Committee of the Whole (COW) for review and discussion prior to consideration by Regional Council. This process is further reinforced through Administrative Order 1 and will continue under the multi-year approach.

On October 17, 2018 staff recommended a 2018/19 process and schedule that was discussed by Regional Council and resulted in direction to revise the process and schedule to include business unit presentations of the 18/19 operating budgets and an expanded Capital Plan and Budget consultation process.

DISCUSSION

Staff has revised the budget consultation process and schedule (Attachment A) to accommodate business unit operating budget and business plan presentations as well as an expanded Capital Plan and Budget review process.

The proposed schedule includes five Wednesday COW on Budget meetings with five Fridays reserved as contingency dates. These contingency dates could be used for expanded discussions as COW reviews business unit presentations, but also for any weather events that may affect the schedule. Staff is sensitive to Councillor's demanding schedules, but consider it prudent to recommend setting aside these contingency dates should the need arise.

High Level Capital

It is proposed that a high level Capital overview be provided on December 13, 2017. This Capital overview will include trends in past capital plan delivery, the current capital plan and funding requirements. This information will be useful as COW considers multi-year fiscal direction on operating, capital, and revenue.

Fiscal Direction

On December 13, 2017 staff will be seeking fiscal direction from COW. Staff will provide a fiscal model that includes options for projected revenues, expenditures, debt levels, and reserve requirements for COW's consideration.

Business Unit Presentations

Under the proposed plan, Business Units will present their draft 18/19 Budgets and Business Plans to COW as per the proposed schedule in Attachment A. These presentations will consist of the 18/19 approved in principle operating budgets (starting point), any adjustments that have occurred throughout the current year (contracts, collective agreements, Council directed changes, etc.), resulting in a proposed 18/19 operating budget (base). In addition to the operating budget, business units will include their refreshed 18/19 business plans that were presented in the 17/18 – 18/19 multi-year plan in support of Council's Strategic Plan Priorities last year.

Based on the discussion at Regional Council on October 17, 2017, staff is anticipating COW's intention to propose adjustments to business unit operating budgets throughout the process (changes to base). Staff is proposing a budget adjustment process that will enable COW to add items to a list (by formal motion) throughout the process and then consider all those items upon conclusion of the business unit presentations.

Staff will maintain a running Budget Adjustment List (BAL) throughout the process and provide the list to COW at the beginning of each COW on Budget meeting. It should be noted that items requiring extensive analysis may not be well costed and all implications may not be fully evaluated within the time frames available. Staff will provide COW with all available information on budget adjustment items in advance of COW's consideration of the overall list.

Capital Plan and Budget Process

In addition to the operating budget process described above, it is proposed that the business units include the capital plan in their 18/19 Budget and Business Plan presentations. This will provide COW with an opportunity for a more detailed review of the capital program, including how Council's capital investments align with Council's Priorities and service outcomes. This approach should ultimately assist COW in evaluating the overall Capital Plan where competing priorities, capacity to deliver and funding models continue to be a challenge.

On October 3, 2017 Regional Council directed staff to:

"...bring forward a framework for a ten-year capital outlook aligned with Regional Council Priorities, along with an initial ten-year capital outlook that includes funding for the Planned Strategic Projects as noted in the September 6, 2017 staff report, and options for other capital outlays including the Potential Strategic Projects."

The long term Capital Plan is not fully funded under the current fiscal plan. In the past, balancing of the capital budget has been done through a combination of moving projects to out years and reconsidering funding opportunities and commitments within the plan. Reconciliation of the capital plan to a sustainable funding model will require extensive consideration and consultation to determine prioritization, sequencing and funding sources over the long term.

It is proposed that a balanced 18/19 Capital Plan be presented to COW with funding gaps for the remaining years of the plan.

Staff is proposing engagements with COW throughout the 18/19 fiscal year to seek direction on how best to reconcile planned projects with available funding. The framework and engagement process has yet to be confirmed, but staff is committed to achieving Council's expectations in the motion above.

FINANCIAL IMPLICATIONS

There are no direct financial implications of this report.

RISK CONSIDERATION

There are no significant risks associated with the recommendation.

COMMUNITY ENGAGEMENT

There was no community engagement in the preparation of this report.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

Committee of the Whole could direct staff to revise the proposed approach.

ATTACHMENTS

Attachment A – 2018-19 Multi-year Budget and Business Plan - COW Schedule

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Ed Thornhill, Manager – Corporate Planning, Finance and Asset Management 902.490.4480

Original Signed

Report Approved by: Jerry Blackwood, Acting Director of Finance and Asset Management/CFO 902.490.6308

2018-19 Multi-Year Budget and Business Plan - COW Schedule

ATTACHMENT A

Subject	Explanation	COW Target Dates
Strategic Plan Update and Direction	Priority Outcome Leads provide updates on progress against Council's Priorities	Tuesday, November 14, 2017
Capital Overview and Fiscal Direction	As previously intended, a high level overview of the state of the Capital Plan, including funding sources, gaps, and spending/capacity trends. (highlight reserve budgets, debt situation, Cap from Op, etc.) Fiscal overview and direction would be similar to previous years.	Wednesday, December 13, 2017
Business Unit/ Meeting Subject		COW Meetings 9:30 am – 4 pm
Advance Capital, Municipal Auditor General and Admin Services Bundle (CAO, Legal, HR & FAM)	Revised – This will be the typical BU presentations, but based on 18/19 approved in principle with adjustments clearly highlighted (Council direction, pressures, etc.) and including Capital affecting BU services. Business Plan content should remain consistent with last year's two year deliverables with minor adjustments. During discussion Council could suggest adjustments by motion for consideration at the end of the process (Budget Adjustment List)	Wednesday, January 10, 2018
Contingency		Friday, January 12, 2018
Parks & Rec, Library, P&D		Wednesday, January 17, 2018
Contingency		Friday January 19, 2018
Transit, TPW, Corporate and Customer Service		Wednesday, January 24, 2018
Contingency		Friday, January 26, 2018
Police and Fire		Wednesday, Jan 31, 2018
Contingency		Friday, February 2, 2018
FCM Sustainability Conference February 6-8, 2018		
Budget Adjustment List (BAL) Review	Similar to last year, this would be the decision point for all potential adjustments (up or down) raised throughout the process.	Wednesday, Feb 14, 2018
Contingency		Friday, February 16, 2018
Fiscal & Consolidated Accounts	Wrap up similar to past years.	Wednesday February 21, 2018
Contingency		Friday, February 23, 2018
Production and Quality Control Period	3 Weeks to finalize content and produce materials.	February 19 – March 9
March Break March 12 - 16		
Full Review of Final Budget	10 am COW on Tuesday with potential ratification at full Council	Tuesday, March 20, 2018
<i>Follow up Date if necessary</i>		Tuesday, March 27, 2016