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REVISED Jan 14/16
(Slide 15 only)

Item No. 6 (i)
Committee of the Whole
January 13, 2016

TO: Mayor Savage and Members of Halifax Regional Council
Original Signed

SUBMITTED BY: Amanda Whitewood, Director, Finance & ICT

DATE: January 13, 2016

SUBJECT: Proposed 2016/17 Finance & ICT Budget and Business Plan

ORIGIN

As per Administrative Order 1 and the Budget and Business Plan consultation schedule presented in the Information Report of September 22, 2015, staff is required to present the 2016/17 draft Business Unit Budget and Business Plans to the Committee of the Whole for review and discussion prior to consideration by Regional Council.

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 the Committee of the Whole direct staff to proceed to prepare the 2016/2017 Finance & ICT Budget and Business Plan as proposed in the accompanying presentation, incorporating additional direction provided by motion of Committee of the Whole for inclusion in the proposed HRM 16/17 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2016/2017 Budget and Business Plan development process, the Committee of the Whole is reviewing each Business Unit's high level budget and proposed plans in advance of detailed HRM Budget and Business Plan preparation.

At the November 24, 2015 Committee of the Whole Regional Council considered and confirmed their Council Priority Outcomes and directed staff to: "develop the 2016/17 Budget and Business Plans in support of these priorities."

DISCUSSION

Staff has prepared the proposed 16/17 Budget consistent with the preliminary fiscal direction received from Council on October 20, 2015 and aligned with Council Priorities as directed on November 24, 2015.

Following direction from the Committee of the Whole, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 2016/17 Budget and Business Plan documents to be presented to Council, as per the process and schedule in the September 22, 2015 Information Report.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed budget for 2016-17. There are no immediate financial implications from these recommendations. The broader financial implications will be discussed and debated as the budget is developed in more detail.

COMMUNITY ENGAGEMENT

None are specifically associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Committee of the Whole can choose to amend the Budget and Business Plan as proposed in the accompanying presentation through specific motion, and direct staff to proceed to prepare the Budget and Business Plan for inclusion in the proposed HRM Budget and Business Plan documents.

ATTACHMENTS

Finance & ICT 2016 – 2017 Budget and Business Plan Presentation

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Lanna Prowse / Coordinator, Finance & ICT, 902.490.6527

Original Signed

Report and Financial
Approval by:


Amanda Whitewood, Director of Finance & ICT/CFO, 902.490.6308

The background of the slide features a large, stylized 'H' shape composed of several overlapping triangles in various shades of blue. The word 'HALIFAX' is written in white, bold, uppercase letters across the top right portion of this 'H' shape.

HALIFAX

2016/17 Finance & ICT Draft Budget & Business Plan

Committee of the Whole

January 13, 2016

Business Unit Overview

- ❑ **Leading Financial and Technological Stewardship**
 - ❑ We provide financial stewardship through advice, services and policy. We provide timely and supported solutions, in partnership with business units, to enable the efficient and effective delivery of municipal services.
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Service Areas

- ❑ **Financial Policy & Planning** – Accountable for financial planning; coordination of the annual operating, project and reserve budgets; financial support and oversight; grants support; and taxation policy.
 - ❑ **Financial Reporting/Accounting** – Provides project and asset accounting, projection and financial reporting and revenue and expenditure analysis; payroll services.
 - ❑ **Revenue** – Accountable for tax and general revenue billings, corporate collections, cash management, banking and the investment portfolio.
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Service Areas

- ❑ **Procurement** – Coordinates the acquisition of goods, services, construction, and facilities; coordination and administration of contracts; surplus storage and disposal; and management and warehousing of inventory.
- ❑ **ICT** – ICT is organized into three divisions: Strategic Planning and Delivery; Business Intelligence and Data Services; and Service Management and Operations, which emphasize the development, delivery, and management of technology-based business solutions.
- ❑ **Corporate Planning** – Assists business units in service improvement; strategic and operational decision making; performance management; and maximizing collaboration on Council's priorities.

15/16 Update

15/16 Plan	Status Update
Fiscal Strategy	The Economic Development Outcome Team has finalized the 16-17 priority outcome statements. Analysis of our current state and where we are headed is required, including our responses to Council's motion on debt and the Auditor General's upcoming audit of reserves.
Performance Measurement	Currently exploring formal participation in the Ontario Municipal Benchmarking Initiative(OMBI) that will provide useful benchmarking opportunities and further the organization's development of appropriate costing models and operational data collection. Early KPI data will be included in 16-17 business unit budget presentations.

15/16 Update

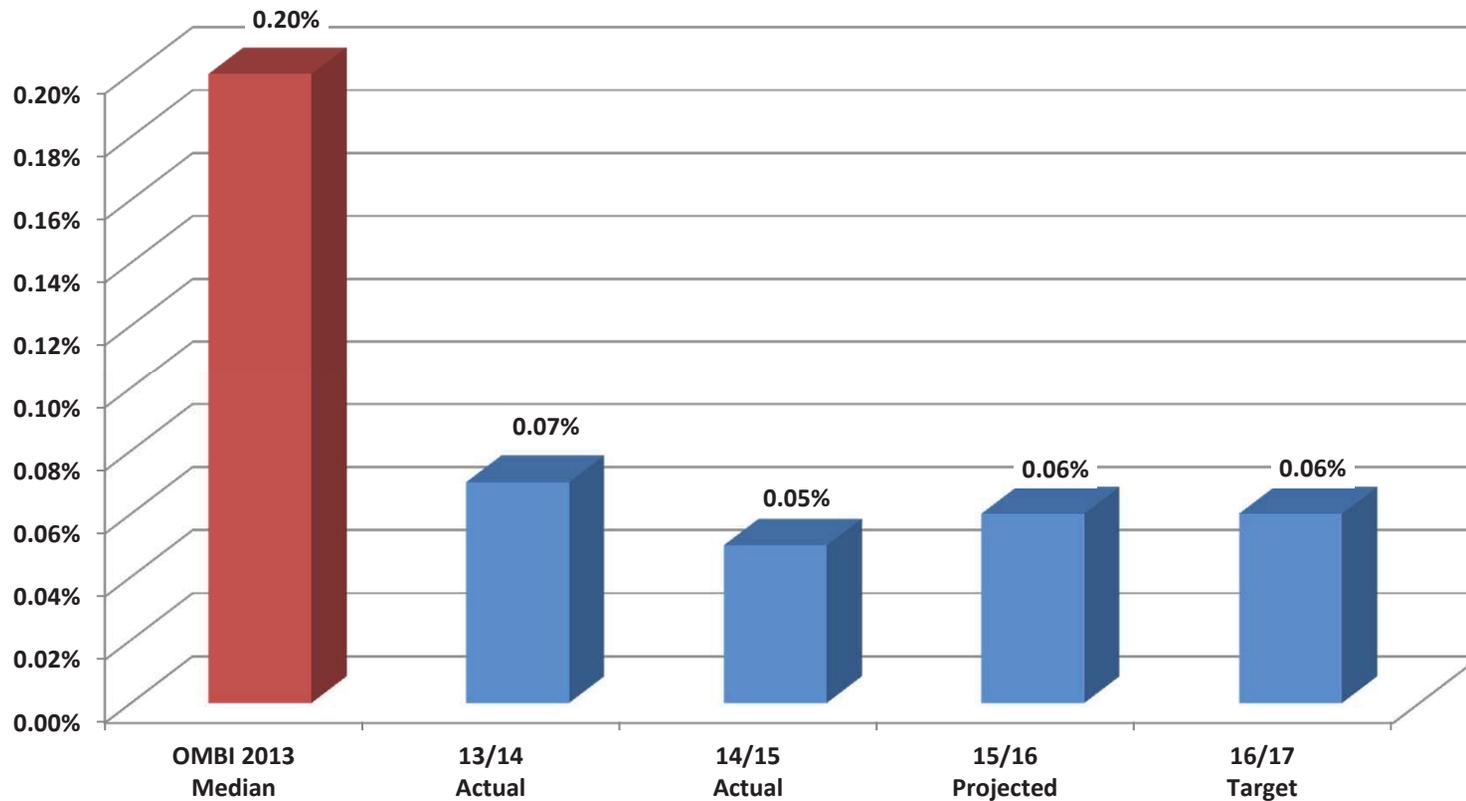
15/16 Plan	Status Update
Expenditure Management	Continuing to better engage staff to enable and support this initiative through enhanced communications, reporting and analysis.
Management Accounting Framework and Reporting	Identifying costing models and business needs to support reporting requirements. The intent is to enable reporting on service costs to combine with performance data, enabling productivity and efficiency intelligence.

15/16 Update

15/16 Plan	Status Update
Halifax.ca	Content inventory and clean up is in its final stage. RFP for provision of web services closed on November 19.15 and the evaluating committee will complete the review of responses in December. The content re-write project is well underway.
ICT Transformation	A draft 3 year ICT Strategy is complete. A business case to support the proposed ICT transformation is underway.

Revenue Write-offs

Percent of Billed Revenue Written Off



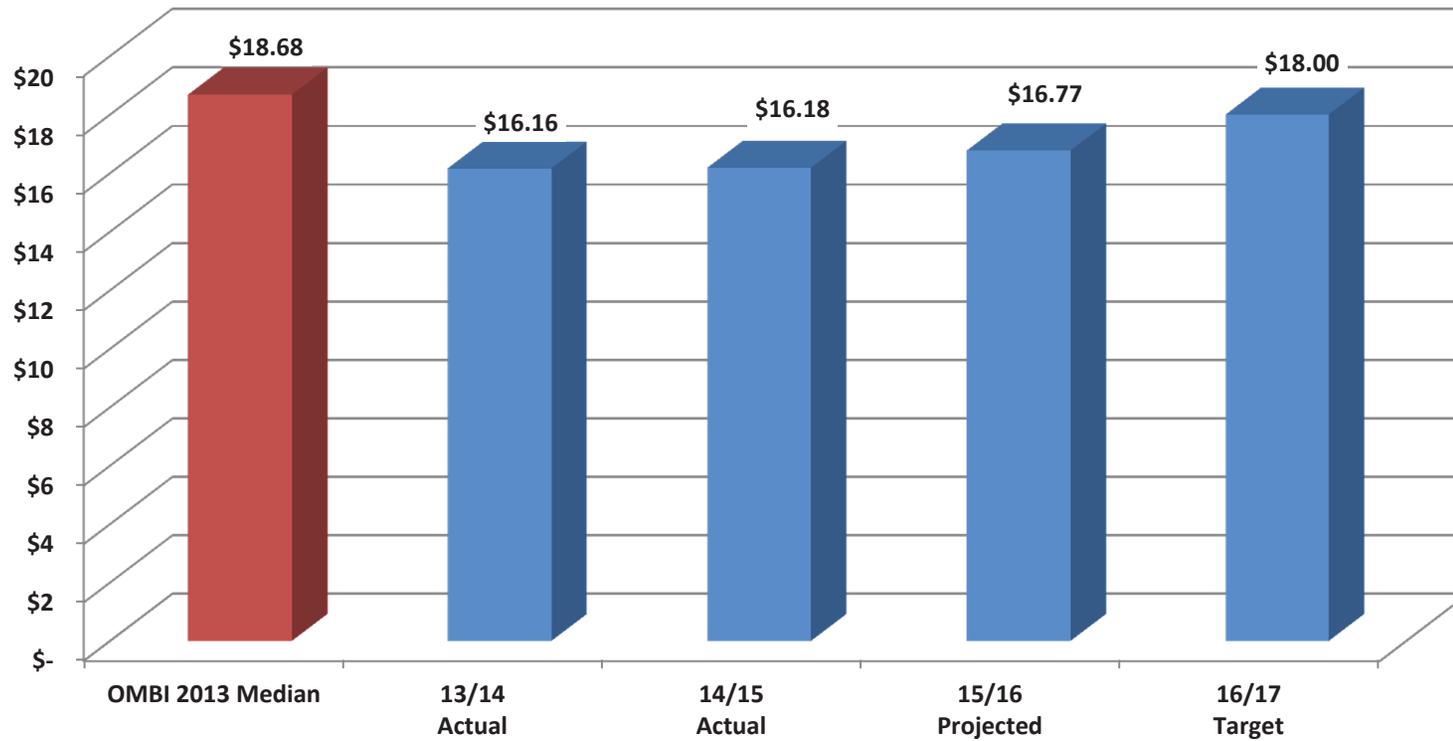
Note:

- OMBI: Ontario Municipal Benchmarking Initiative
- OMBI Indicator Definition: Bad Debt Write-off as a Percent of Billed Revenue



Invoice Processing Costs

Operating Cost to Process and Collect One Invoice



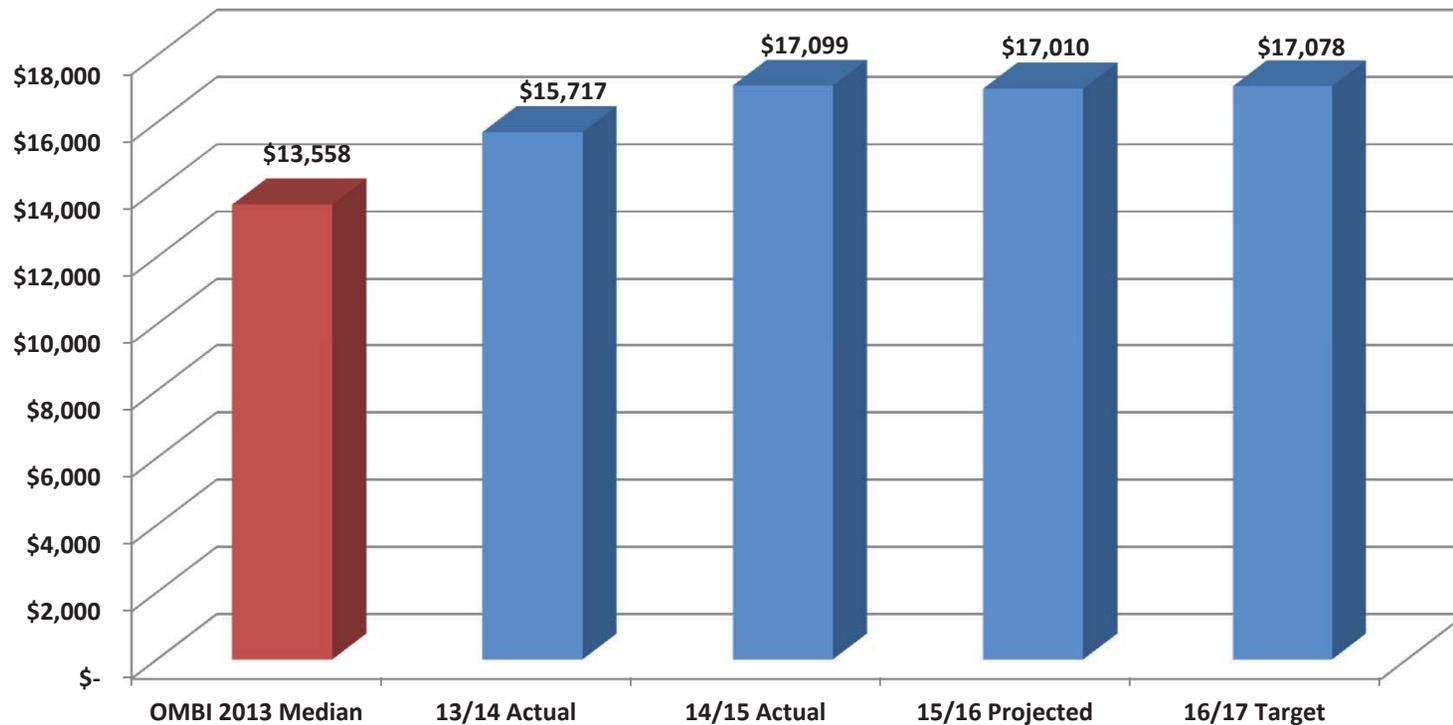
Note:

- OMBI: Ontario Municipal Benchmarking Initiative.
- OMBI Indicator Definition: Operating Cost of Accounts Receivable Function per Invoice

HALIFAX

Technology Services Costs

Information Technology Services Costs (thousands)



Note:

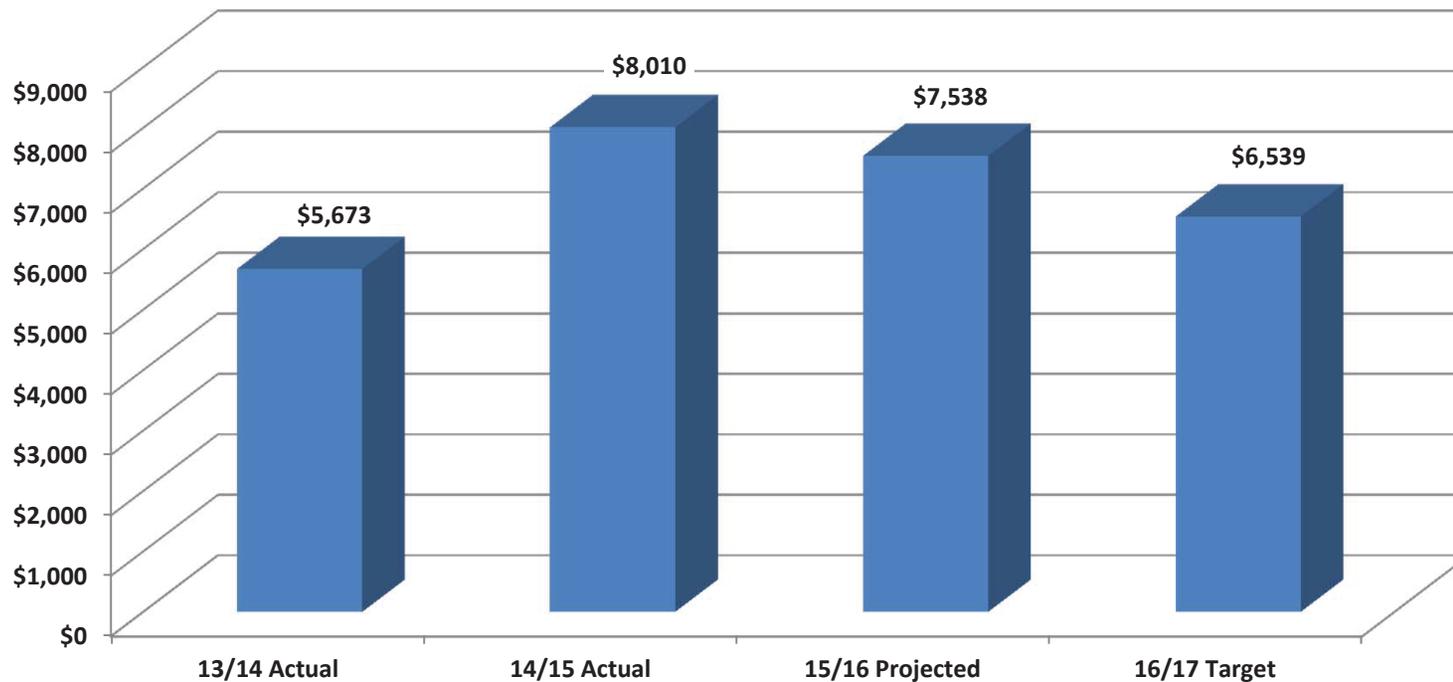
- OMBI: Ontario Municipal Benchmarking Initiative.
- OMBI Indicator Definition: Total Information Technology Costs (includes amortization). *The measure includes operating cost for IT plus amortization; and excludes annual capital investment related to IT assets.*

2016/17 Finance & ICT Draft Budget and Business Plan



Technology Services Costs

Information Technology Services Cost
(Operating & Capital) per Municipal Staff



Note:

- HRM results based on total ICT Operating actuals + annual gross capital budget
- **No OMBI comparison available**



Operating Budget Overview

	14/15 Budget	14/15 Actual	15/16 Budget	15/16 October Projection	16/17 Budget
Expenditures					
* Compensation and Benefits	21,483,700	20,536,616	21,813,200	21,127,521	21,776,300
* Office	5,562,800	5,299,226	4,905,250	5,062,866	5,039,200
* External Services	1,679,700	2,532,735	1,695,700	2,210,900	1,727,000
* Supplies	20,500	9,225	17,000	17,000	17,000
* Materials	20,000	25,412	23,000	30,000	25,000
* Building Costs		91			
* Equipment & Communications	1,926,900	1,559,170	1,684,300	1,661,259	1,680,600
* Vehicle Expense	28,000	(2,035)	26,500	6,717	1,500
* Other Goods & Services	532,000	921,317	681,350	653,113	651,800
* Interdepartmental		6,096		(144,222)	
* Other Fiscal	(429,600)	(475,300)			
** Total	30,824,000	30,412,552	30,846,300	30,625,154	30,918,400
Revenues					
* Fee Revenues	(2,260,000)	(2,237,895)	(2,260,000)	(2,195,000)	(2,495,000)
* Other Revenue	(388,400)	(891,554)	(393,400)	(616,570)	(671,500)
** Total	(2,648,400)	(3,129,449)	(2,653,400)	(2,811,570)	(3,166,500)
Net Surplus/Deficit	28,175,600	27,283,103	28,192,900	27,813,584	27,751,900

Operational Impact of New Assets

Capital Project Name	New Assets in 15/16 - Annualized	New Assets in 16/17 - Prorated	Total 16/17 Operating Impact	Description of cost to operate & maintain new asset
Council Chambers Technology Upgrade		12,000	12,000	Annual Maintenance & Support
Contact Centre Telephony Solution		90,000	90,000	Annual Service Fees for Hosting & Support
* Web Transformation Program		250,000	250,000	Annual Service Fees for Hosting & Support
IT Service Management System	18,200	10,000	28,200	Annual Service Fees for Hosting & Support
HRP GO Data and Information Management		15,000	15,000	Annual Software Maintenance
HRFE Dispatch Project		19,000	19,000	Annual Software Maintenance
ICT Business Tools (bundle)		18,000	18,000	Annual Software Maintenance
ICT Infrastructure Recapitalization	27,000	50,000	77,000	Annual Software Maintenance
Computer Aided Dispatch (CAD)	23,500	11,000	34,500	Annual Software Maintenance
Parking Ticket Management System		30,000	30,000	Annual Software Maintenance
Trunk Mobile Radios (TMR)	23,600	300,000	323,600	Licenses & Annual Maintenance
Enterprise Asset Management	78,300	52,500	130,800	Licenses & Annual Maintenance
Health and Safety Incident Reporting	35,200	28,200	63,400	Licenses & Annual Service Fees for Hosting & Support
Traffic Signal Integration	49,000		49,000	Software, Licenses, & Cellular Costs
Business Intelligence	86,300		86,300	1 new FTE - Solution Architect for Corporate BU Support
Trunk Mobile Radios (TMR)		80,000	80,000	1 new FTE - Communications Specialist
Total FICT	341,100	965,700	1,306,800	

* Proposed projects, such as the Web Transformation Program, are still subject to Council approval in separate recommendation award reports

- Operating costs related to capital projects will be updated after the Capital Budget is finalized.
- Updated OCC will be presented with the Fiscal Budget.

Service Area Budget Overview

Net Operations Support Expenses by Service Area	14/15		15/16		16/17
	Budget	Actual	Budget	October Projection	Proposed Budget
FICT Admin	744,800	717,944	977,100	931,900	872,600
Corporate Planning	655,600	572,355	577,100	577,100	584,500
Finance	9,481,200	8,893,672	9,513,000	9,294,623	9,217,200
Information, Communications & Technology	17,294,000	17,099,132	17,125,700	17,009,961	17,077,600
Business Unit Total	28,175,600	27,283,103	28,192,900	27,813,584	27,751,900

Staff Counts (FTEs)

Service Area	2015/2016 FTEs	2016/2017 FTEs
FICT Total	290.9	285.9
FICT Admin	3.0	4.0
Corporate Planning	5.7	5.0
Finance	165.4	163.0
Information, Communications, & Technology	116.8	113.9

16/17 Sustainability Initiatives

Cost Reduction Initiative	Proposed 16/17 Saving	Projected 17/18 Saving	Projected 18/19 Saving	Impact on Service Delivery
Compensation Efficiencies	342,505	410,451	410,451	Absorbed 6 positions in 16/17
Continued Budget Efficiencies	470,000	470,000	470,000	Finance (\$320K): Reductions to furniture & Corporate Contingency, increase to By-Law F300 rate and attrition vacancies. ICT (\$150K): Reductions in office supplies, contract services, computer repair, training
Equipment Planning	193,000	193,000	193,000	Rationalization of devices, mobile services, and office productivity software
Total to offset Base Cost increase	1,005,505	1,073,451	1,073,451	



16/17 Initiatives

Initiative	Priority
<p>Halifax.ca <i>Finance & ICT will enable transformation of service delivery and communication through the re-design of www.halifax.ca.</i></p>	<p><i>Governance and Communications Communications</i></p>
<p>Expenditure Management <i>Finance & ICT will implement an enhanced approach to Expenditure Management.</i></p>	<p><i>Financial Responsibility Financial Impacts</i></p>
<p>Management Accounting Framework and Reporting <i>Finance & ICT will undertake an initiative to integrate non-financial performance information with financial information.</i></p>	<p><i>Financial Responsibility Financial Impacts</i></p>
<p>Performance Measurement <i>HRM is striving to become a more performance managed organization.</i></p>	<p><i>Financial Responsibility Resource Planning and Management</i></p>
<p>Fiscal Strategy <i>Finance & ICT will reshape Halifax's fiscal, debt and tax strategies.</i></p>	<p><i>Economic Development Business Climate</i></p>



Questions and Discussion