

Re: Item No. 15.1.2

HALIFAX

Multi-Year Business Planning, Budget Process and 2023/24 Budget Outlook

Regional Council
October 25, 2022

Recommendation

It is recommended that Halifax Regional Council:

1. Approve the 2023/24 Business Planning and Budget Schedule

Background

Commencement of the Strategic / Business Planning process begins with the:

- Adoption of/or changes to the Multi-Year Strategic Business Planning and Budgeting Process.
- Approval of the Business Planning and Budget Schedule.
- Incorporating a Budget Outlook to provide Regional Council with an early look at the municipality's fiscal situation.

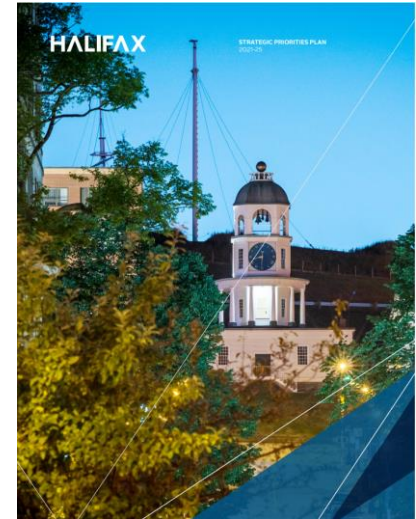
Council Priorities / Strategic Performance Report

Council Priorities Presentation – Nov 22, 2022

- Recommended changes (if any) to Council Priorities / Priority Outcomes
- Proposed new or updated initiatives
- 2021/22 data will be available on the [Strategic Snapshot](#)

Strategic Performance Report (New)

- Summary of accomplishments in support of the Strategic Priorities Plan
- Performance on key performance indicators



Business Planning / Budget Process Changes

Based on feedback from Regional Council, the following changes will be implemented into the process for this year:

- Improved clarity on the Budget Adjustment List (BAL) process, with briefing notes for significant (non-operational) asks included with business plans.
- Additional operational data included in the business plan.
- Simplification of FTE information to provide more context on the number of positions (headcount) and changes in staffing levels.

HRP / RCMP Budget Approval Process Changes

On October 18, Regional Council received an Information Report outlining an operational and capital budget review and approval process for Halifax Regional Police (HRP), including the Board of Police Commissioners (BoPC) jurisdiction as it relates to the review and approval of the HRP budget.

The report includes a proposed two-step process to facilitate the approval of staffing and budget decisions related to the HRP budget:

1. Submission of a staffing proposal for HRP to BoPC. This proposal then submitted by BoPC to Regional Council for a decision.
2. Preparation of HRP budget based on approved staffing decision for review by BoPC, and submission to Regional Council.

HRP / RCMP Budget Approval Process Changes

- The proposed process / schedule accommodates two meetings of HRP and Regional Council, each preceded by a Board of Police Commissioners meeting
- HRP operating budget presentation to BoPC will include a capital overview
- A similar process could be followed for the RCMP, as outlined in the October 18 Information Report to Regional Council

Capital

- December 13 – Presentation on current state of infrastructure and projects, and overview of 2023/24 budget preparation (Capital Update and Advanced Tenders Report)
- December 15 - Draft Capital Budget Book
- January 18 – Capital Budget Recommendation Report (Reserve Withdrawals / Multi-Year Projects)

Additional Reporting

2022 Municipal Services Survey

- Conducted from Sept 12 – 29 in an online and paper-based format
- Results will be provided to Regional Council in November

World Council on City Data (WCCD)

- July 12 HRM received Platinum ISO 37120 Certification (highest level)
- Provides information on performance across a variety of service and governance areas and allows benchmarking with cities in Canada and internationally
- 2021/22 data collection efforts underway, for certification again in early 2023

Fiscal Update: 2023/24 Budget

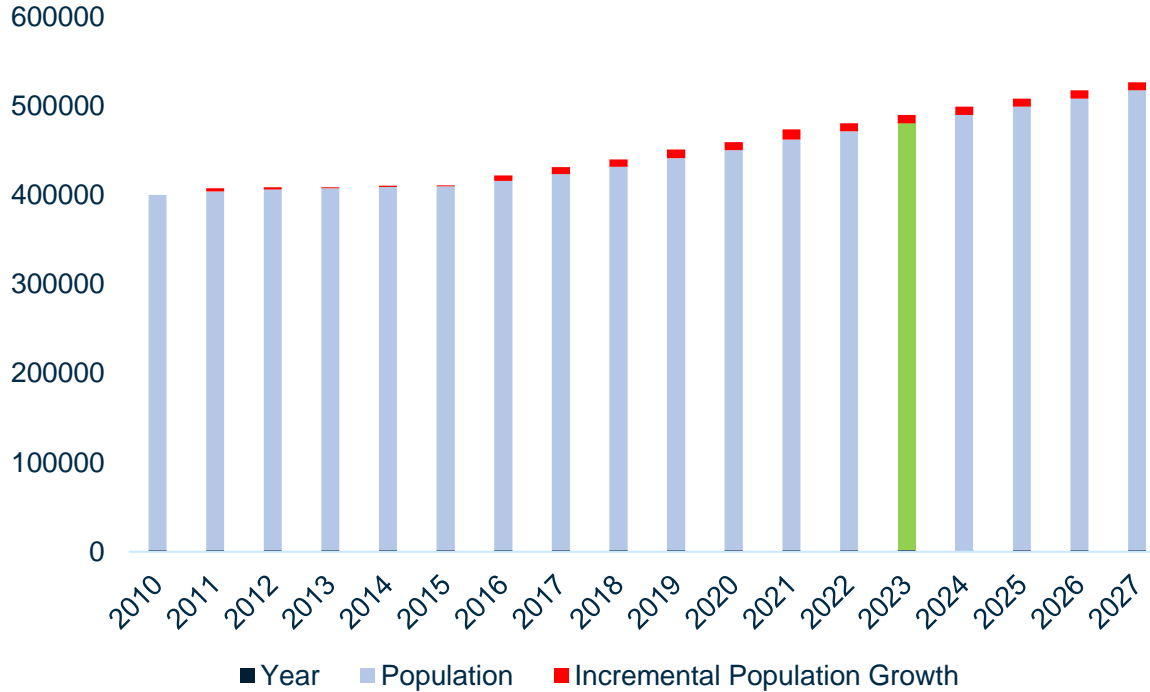
Regional Economic Outlook: Continuation of Growth Mixed with Deceleration and Uncertainty

Halifax Region Macro Outlook Tables - 2021 - 2026 - % Change

	2022	2023	2024	2025	2026
Gross Domestic Product (Millions Chained 2012\$)	2.12	2.52	2.63	2.63	2.63
Labour Force (Thousands)	1.25	1.52	1.48	1.48	1.48
Employment (Thousands)	4.05	0.88	1.11	1.10	1.29
Unemployment Rate	(34.65)	12.16	6.19	6.00	2.91
Consumer Price Index (2002=100)	3.88	7.01	5.00	2.85	2.10

Source: Canmac Economics (Halifax Region Economic Outlook, September 2022 Update)

HRM Population Growth



Source:
Canmac
Economics
(Halifax
Region
Economic
Outlook,
September
2022 Update)

Deed Transfer Tax (000's)

	Actual	Budget	Surplus	General Rate	
				Surplus	% of GRS
2022/23	\$ 20,909	\$ 83,000			
2021/22	\$ 81,369	\$ 60,000	\$ 21,369	\$ 29,348	72.8%
2020/21	\$ 59,587	\$ 40,850	\$ 18,737	\$ 32,923	56.9%
2019/20	\$ 60,181	\$ 39,000	\$ 21,181	\$ 35,120	60.3%
2018/19	\$ 46,097	\$ 37,000	\$ 9,097	\$ 26,100	34.9%
2017/18	\$ 41,971	\$ 33,000	\$ 8,971	\$ 9,800	91.5%

22/23 DTT is 25% of budget as of Q1 and is projected to be on budget for the year.

Key Expenditure Changes/Trends

Operating Pressures Leading Into 2023/24

Inflation:

- Significant increases to costs, especially seen in fuel (\$20M past 2 years)
- Increase in utilities costs
- Increase in service contracts

Staffing:

- Labour market shortages
- Compensation increases

Other:

- Projected decline of Deed Transfer Tax revenues (\$7M reduction)
- Significant Capital from Operating required under current plan (\$15M increase)
- One-time Reserve funding used to balance 2022/23 budget (\$7M)
- Quarter 1 projected deficit of \$3M

Budget Pressures (000s)

Changes from 2022/23 Budget	Amount
Compensation & FTE changes	25.1
Permit revenue adjustments	5.5
MFTP (full year impact)	2.9
Fuel & energy increases	10.6
Increase in Cap from Op	15.0
One time reserve funding	7.0
Deed Transfer reduction	7.0
Contract increases & Other	3.5
Total Funding Gap	\$ 76.6