

HALIFAX

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Item No. 15.1.2
Halifax Regional Council
October 25, 2022

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: October 18, 2022

SUBJECT: Strategic Multi-Year Business Planning and Budget Process and 2023/24 Budget Outlook

ORIGIN

On January 12, 2021, Regional Council adopted a Strategic Planning Framework, established Priority Outcomes for their term and directed staff to develop multi-year plans to advance those outcomes. Consistent with past practice, the administration is providing an update and seeking Council's direction on the approach for development of the 2023/24 multi-year plan.

LEGISLATIVE AUTHORITY

Halifax Charter section 35 (1). The Chief Administrative Officer shall (b) ensure that the annual operating and capital budgets are prepared and submitted to the Council.

RECOMMENDATION

It is recommended that Halifax Regional Council:

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

BACKGROUND

On December 1, 2020 Regional Council's Budget Committee approved the [2021-2025 Strategic Planning Framework](#) and directed the Chief Administrative Officer to develop discrete plans (Council and Administrative) in accordance with this Framework. The 2021-2025 Council Priorities are presented by the Chief Administrative Officer to Regional Council's Budget Committee as a Recommendation Report and the 2021- 2025 Administrative Priorities are now provided as an Information Report.

On January 12, 2021 Regional Council's Budget Committee approved the [2021-2025 Strategic Priorities Plan](#). This plan remains in place over the duration of the mandate of Regional Council but is reaffirmed annually. Adjustments may be made by recommendation to Regional Council by the administration resulting from the annual strategic outcome planning process or by Regional Council to the administration during the tabling of the annual Council Priorities presentation.

On October 26, 2021, Regional Council's Budget Committee approved the creation of an annual report that provides an update on progress toward the commitments in the Strategic Priorities Plan (SPP). This report, named the Strategic Performance Report, will be provided to Council each year in October/November, and will include highlights, accomplishments, and performance results associated with the previous year.

The commencement of the strategic planning process begins with the adoption of or changes to the multi-year strategic business planning and budget process as well as the approval of the business planning and budget schedule.

DISCUSSION

There are several changes and updates leading into the 2023/24 Strategic Planning and Business Planning activities.

Council Priorities Presentation / Report and Strategic Performance Report

Annually, the CAO will present the Council Priorities Presentation, including recommended changes to the 2021-25 Council Priorities (if any), and proposed new or updated initiatives to support these Priorities. The Council Priorities Presentation is proposed to be provided to Budget Committee on Tuesday, November 22, 2022, per the included schedule below. At that time, the Strategic Performance Report will also be provided as an attachment to that Report.

The Strategic Performance Report provides an annual summary of accomplishments in support of the Strategic Priorities Plan, including an update on key performance metrics, to the end of the previous fiscal year (2021/22 in this case).

This approach is intended to provide an update on prior year progress, current data, and proposed new work to support decision-making as Council and the municipality enter the business planning and budget cycle.

Strategic Snapshot

The organization launched the [Strategic Performance Snapshot](#) in May 2022, a public-facing dashboard of HRM's strategic performance indicators aligned with the 2021-2025 Strategic Priorities Plan. The dashboard provides members of the public with information on how the municipality is progressing relative to our priority outcomes.

The Strategic Performance Snapshot will be updated with data for the 2021/22 fiscal year (calendar 2021) and updated data will be available / published on November 22, 2022. The data will also be included as an attachment to the Strategic Performance Report.

Business Planning and Budget Process

Based on feedback received from Regional Council from the Business Planning and Budget Survey completed in May/June, several changes will be implemented into the process for this year, including:

- Improved clarity on the Budget Adjustment List 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

To facilitate the approval of staffing and budget decisions related to the HRP budget, staff developed, in consultation with Halifax Regional Police, RCMP, and the Nova Scotia Provincial Department of Justice, a two step process for Council's consideration. This approach was outlined in the October 18, 2022, Information Report to Halifax Regional Council titled: [Development of Budget and Approval Process for Halifax Regional Police as it Relates to RCMP Inputs](#).

1. As an initial step, the Halifax Regional Police Chief and Finance, on behalf of, or including the CAO, would prepare a staffing proposal for review by the Board of Police Commissioners (BoPC). That proposal would be submitted by the BoPC to Council for a decision as the consultation, or as part of the consultation with the BoPC, required by s.37(1) of the [Police Act](#). Council would then decide on any changes to the staffing complement, which would facilitate the budget process.
2. The second step of the process follows Section 53 (1) of the [Police Commission Bylaw P-100](#), whereby the Chief and Finance would then prepare the budget based on the staffing decision for review by the BoPC and submission to Council. Given that the decision on staffing will have already determined most proposals for budget increases, this should greatly reduce the potential for confusion, or the budget being returned to the BoPC.

The budget process and schedule that has been developed could accommodate two meetings of HRP and Council, each preceded by a BoPC meeting.

This two-step approach will be implemented as part of the 2023/24 Business Planning and Budget Schedule. HRP will be tabling their staffing plan and budget to BoPC on December 7, 2022. Council will have their first look at this plan / budget on February 1, 2023 (see proposed schedule below). Should Council need a second meeting to finalize any decisions on the HRP budget, an additional meeting has been scheduled for March 3, 2023. If needed, a BoPC meeting could be convened between the February 1 and March 3 Budget Committee dates.

All capital investments for HRP are considered as part of the consolidated HRM capital planning process. HRP capital will be presented for Council debate, with all other HRM capital in January (not with the business plan). When the HRP operating budget is presented to BoPC this year, this will also include the capital overview in order to provide a complete view of police-related municipal expenditures.

Capital Budget

Staff will provide a presentation on the current status of our infrastructure and projects, as well as an overview of the 2023/24 budget preparation on December 13 - Capital Update and Advanced Tenders Report.

The draft capital budget book will be distributed to Council on December 15. This will provide Council with foundational information to review projects in the draft capital budget, with time to reach out to Project Managers (BUs) with questions prior to the formal budget debate.

The Capital Budget recommendation report (Reserve Withdrawals / Multi-Year Projects) will be provided at Budget Committee on January 18, 2023.

Proposed 2023/24 Business Planning and Budget Schedule

The proposed schedule is included as Table 1. This schedule may be adjusted following direction from Council at any stage of the process.

Table 1 – 2023/24 Business Planning and Budget Schedule

Subject	Budget Committee Date	Contingency Date
Report and Presentation: 2023/24 Strategic Priorities Plan – Council Priorities / Strategic Performance Report	Tue., Nov. 22, 2022	N/A
Report and Presentation: 2023/24 Budget Direction	Wed., Nov 23, 2022	N/A
Report and Presentation: Capital Update and Advanced Tenders Report	Tues., Dec 13, 2022	N/A
Report and Presentation: Capital Budget Recommendation (Reserve Withdrawals, Multi-Year Projects)	Wed., Jan 18, 2023	Fri., Jan 20, 2023
Report and Presentation: Assessment / Budget Direction Update	Wed., Jan 25, 2023	N/A
Business Unit and Budget Presentations (Budget Committee)	Budget Committee Date	Contingency Date
CAO Auditor General Finance & Asset Management Legal & Legislative Services	Fri., Jan 27, 2023	Wed., Feb 8, 2023
Halifax Regional Police RCMP (Department of Justice)	Wed., Feb 1, 2023	Fri., Feb 3, 2023
Information Technology Human Resources & Corporate Communications Property, Fleet & Environment	Wed., Feb 8, 2023	Fri., Feb 10, 2023
Halifax Public Libraries	Fri., Feb 10, 2023	N/A
Public Works	Tues., Feb 14, 2023	Wed., Feb 15, 2023
Planning & Development Parks & Recreation	Fri., Feb 17, 2023	Wed., Feb 22, 2023
Halifax Transit Halifax Regional Fire & Emergency	Fri., Feb 24, 2023	Wed., Mar 1, 2023
HRP / RCMP (Department of Justice) Fiscal & Consolidated Accounts	Fri., Mar 3, 2023	Wed., Mar 8, 2023
Budget Contingency Date	Fri., Mar 10, 2023	
Report and Presentation: Budget Adjustment List (BAL)	Wed., Mar 29, 2023	Fri., Mar 31, 2023

Regional Council Meeting	Regional Council Date	Contingency Dates
Report: 2023/24 Budget and Business Plan Approval	Tues., Apr 25, 2023	Tues., May 2, 2023

2022 Municipal Services Survey

The 2022 Municipal Services Survey was conducted between September 12 – September 29, 2022, and asked about residents’ satisfaction with municipal services, where residents would like to see investments in municipal services and programs, as well as provided a section on [HalifACT](#), the municipality’s Climate Action Plan. Available to all residents in an online and paper-based format, the Municipal Services Survey is intended to be a ‘pulse’ survey supplementing the more rigorous Resident Survey. The survey provides information to support decision-making, however due to the non-random sampling approach, the survey cannot be used to draw inferences from the sample to the population of the Region. The Resident Survey, which uses a more robust methodology with a controlled sample, will remain the benchmark for results representative of the general sentiment of residents.

The results of the Municipal Services Survey will be distilled in the coming weeks, and the final report provided to Regional Council in November.

World Council on City Data (WCCD)

On July 12, 2022, the municipality received Platinum ISO 37120 Certification (the highest level) from the World Council on City Data. Involvement with the WCCD supports the Corporate Performance Management Program (CPMP) and provides information on performance across a wide range of service and governance areas, including economy, health, environment, population and social condition, urban planning and transportation, among others. Several of these indicators have been incorporated into the municipality’s Strategic Performance Snapshot and the Strategic Performance Report.

2021/22 data collection efforts are currently underway, and the municipality is striving to receive Platinum Certification again early in 2023.

2023/24 Fiscal Outlook Update

While HRM’s economic outlook remains strong, driven by continued historic population growth rates, major public investment projects across provincial and municipal sectors and the continuing growth of key sectors (professional, scientific sectors); the macro environment is volatile with sentiment becoming increasingly negative. This volatility may influence significant service and financial challenges facing the municipality in the coming fiscal year.

The regional economic outlook is tied to the global outlook. Uncertainty is at its highest level in the last decade, with geopolitical, market and financial conditions all putting downward pressure on the growth outlook. While measures of underlying inflation are slowing, the expectation is that higher interest rates will continue until inflation eases. Shortages have been observed in labour and product markets and have been persistent since the onset of the pandemic.

Table 2- Regional Economic Outlook, Canmac Economics

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

Budget Implications

Finance staff are working on the budget outlook for the 2023/24 cycle. Meetings with Business Units are currently taking place. Early indications suggest that the municipality is facing pressures of more than \$76.6 million in the upcoming year. The financial pressures are being driven by many factors, but the largest are from the following:

- Increases in energy costs (such as diesel fuel, natural gas, and electricity)
- High and increasing compensation increases from collective agreements
- Softening of Deed Transfer and real estate market related revenues
- Increases from capital from operating
- Loss of one-time reserve funding
- Contractual increases for IT, winter works and others

Finance staff will return to Budget Committee on November 23 with the Budget Direction report (formerly known as Fiscal Framework). During this meeting Finance staff will be seeking direction from the Committee on budget expenditure levels.

FINANCIAL IMPLICATIONS

This report is procedural in nature, as such there are no financial implications associated with this report.

RISK CONSIDERATION

There are no risks associated this report, however enterprise are risks are reviewed as part of the strategic planning process and mitigating initiatives incorporated into business planning activities to reduce or eliminate the impact and likelihood of the risk occurring.

COMMUNITY ENGAGEMENT

No community engagement was undertaken for this report.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

Regional Council could choose not to approve the recommendation.

ATTACHMENTS

None

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.

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