



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 4
Committee of the Whole
February 19, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

John Traves, Director – Legal, Insurance and Risk Management Services

DATE: February 5, 2014

SUBJECT: Proposed 2014/2015 Legal, Insurance and Risk Management Services
Budget and Business Plan

ORIGIN

At the October 22, 2013 Committee of the Whole, Council directed staff to present the 2014/15 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 2014/2015 Legal, Insurance and Risk Management Services 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 14/15 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2014-2015 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 19, 2013 Committee of the Whole Regional Council considered and confirmed their Strategic Priority Outcomes and directed staff to: "develop the 2014/15 Budget and Business Plans in support of these priorities."

DISCUSSION

Staff has prepared the proposed 14/15 Budget consistent with the preliminary fiscal direction received from Council on October 22, 2013 and aligned with Council Priorities as directed on November 19, 2013.

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 2014/15 Budget and Business Plan documents to be presented to Council, as per the process and schedule endorsed by Regional Council on October 22, 2013.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed budget for 2014-15. 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.

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Proposed 2014/2015 Legal, Insurance and Risk Management Services
Budget and Business Plan
Committee of the Whole

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ATTACHMENTS

Legal, Insurance and Risk Management Services 2014–2015 Budget and Business Plan Presentation

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: John Traves, Director
Legal, Insurance and Risk Management Services, 490-4219

Report & Financial Approval by: Original Signed
Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308



Legal, Insurance and Risk Management Services 2014/15 Draft Budget and Business Plan

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Legal, Insurance & Risk Management Services

Business Unit Overview

Legal, Insurance and Risk Management Services' mission is to provide HRM with quality, cost effective, timely and accessible legal, insurance, and risk management services for all facets of its operations across the organization.

The business unit has two divisions, **Legal Services** and **Risk and Insurance Services**.

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Legal, Insurance & Risk Management Services Service Areas

- **Legal Services** supports Regional Council, its boards, commissions, committees and the business units by providing its services through three teams within the division:
 - Litigation;
 - Solicitor Services; and
 - Prosecutions
(29 FTE)
- **Risk and Insurance Services** acts in conjunction with Legal Services to:
 - manage claims made against the HRM; and
 - manage the financing of HRM risk through insurance policies and a reserve
(4.5 FTE)

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13/14 Progress Update

- Legal Services has implemented the bulk of the recommendations from the Catalyst Consulting Report and developed individual plans for the multi-year projects
- Litigation Team successfully handled a large number of files “in house” - addition of junior lawyers has allowed the senior litigators to handle more challenging and demanding cases
- All real estate transactions now being completed “in house” – senior lawyer and paralegal responsible for transactions, advice and assistance to Real Estate
- New team structure has proven more effective in responding to business unit requirements
- Insurance program renewed

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14/15 Operating Budget Highlights

- Budget is stable year after year (increased substantially in 13/14)
- While last year was a transition year for the business unit, there is still lots to be done. Several administrative projects are underway and will keep pressure on the lawyers and staff throughout 2014-15.
- Legal, Insurance and Risk Management Services are cooperatively working with Business Units to develop policy, agreements and legal framework to assist in achieving Council mandated outcomes in focus areas. Some of the larger projects include: RP+5, Solid Waste Review, Citadel PILT case, By-law and Administrative Order revisions, and amendments to the HRM Charter.
- Roll out of insurance for rented HRM facilities and implementation of Volunteer Fire Association Program

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Operating Budget Overview

Cost Element Groups	2011-12		2012-13		2013-14		2014-15
Expenditures	Budget	Actual	Budget	Actual	Budget	Q3 Projection	Proposed
* Compensation and Benefits	2,450,165	2,455,251	2,480,000	2,558,374	3,050,800	2,852,400	3,173,100
* Office	76,719	55,529	68,900	91,259	117,600	125,600	115,600
* External Services	341,813	494,703	360,100	582,744	508,100	353,200	386,100
* Supplies	0	0	0	0	4,000	4,000	4,000
* Materials	0	37	0	0	0	0	0
* Building Costs	10,000	9,436	0	0	0	1,000	0
* Equipment & Communications	0	165	0	21	0	100	0
* Other Goods & Services	112,334	111,910	110,400	140,864	180,900	179,100	189,400
* Interdepartmental	0	18	0	-11,109	0	0	0
* Other Fiscal	-371,336	-371,336	-372,000	-293,969	-470,900	-420,800	-453,200
** Total	2,619,695	2,755,713	2,647,400	3,068,185	3,390,500	3,094,600	3,415,000
Revenues							
* Fee Revenues	-144,100	-194,120	-209,400	-218,527	-211,500	-183,300	-186,400
* Other Revenue	-50,000	-19,508	0	-29,642	-31,000	-31,000	-31,000
** Total	-194,100	-213,628	-209,400	-248,169	-242,500	-214,300	-217,400
Net Surplus/Deficit	2,425,595	2,542,085	2,438,000	2,820,016	3,148,000	2,880,300	3,197,600

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Service Area Budget Overview

Net Legal, Insurance & Risk Management Services Expenses by Service Area	11/12		12/13		13/14		14/15
	Budget	Actual	Budget	Actual	Budget	Q3 Projection	Proposed Budget
Legal Services	2,425,595	2,532,718	2,438,000	2,818,360	3,148,000	2,880,300	3,197,600
Risk & Insurance Services *	0	9,367	0	1,656	0	0	0
Legal, Insurance & Risk Management Services Net Expenses	2,425,595	2,542,085	2,438,000	2,820,016	3,148,000	2,880,300	3,197,600

* Risk & Insurance Services is funded entirely from the Self-Insurance Reserve (Q306), therefore the net budget is 0. The gross budget and actual figures (before funding from the Reserve) is shown below.

Gross Expenses required to be funded from Reserve Q306	11/12		12/13		13/14		14/15
	Budget	Actual	Budget	Actual	Budget	Q3 Projection	Proposed Budget
Risk & Insurance Services	371,336	380,703	372,000	295,625	470,900	420,800	453,200

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14/15 Cost Reduction Initiatives

Cost Reduction Initiatives	Proposed 14/15 Saving	Projected 15/16 Saving	Projected 16/17 Saving
Reduce requirement for contracting outside counsel	\$75,000	Unknown	Unknown
Reduce other costs (incl. legal disbursements, iVOS server costs)	\$47,000	Unknown	Unknown

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14/15 Priority Alignment

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)
Governance and Communications	Cooperatively work with business units to develop policy, agreements, and legal framework to assist in achieving Council mandated outcomes in focus areas
Financial Stewardship	Create efficiencies within the Business Unit, administratively and collaboratively with input internally and from other business units (technology, processes, physical and electronic file/case management, etc.)
Service Excellence	By-law review project – a solicitor has been hired to carry out a complete review of HRM By-laws (new, amend existing, consolidate existing) – This is a multi-year project.
Governance and Communication	Work with Government Relations & External Affairs and other Business Unites to perform a strategic review of the Municipal Charter and all MOUs

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14/15 Priority Alignment

Legal Services cont'd

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)
Service Excellence	Contract Review – review and/or standardization of contracts, leases, where appropriate
Financial Stewardship	Tax Sales – Implement project plan developed with Finance to reduce number of “problem” tax files. This will be a multi-year project.
Organizational Capacity	To develop an intern program with the hiring of an Articled Clerk (law school graduate) through the HRM Bridging Program to encourage interest in public service.

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14/15 Priority Alignment

Risk and Insurance Services

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)	Proposed 14/15 Cost	Projected 15/16 Cost	Projected 16/17 Cost
Financial Stewardship	Completion of submission of aggregate reimbursement to former insurer	\$100,000	\$0	\$0
Financial Stewardship	Roll out of Environmental Impairment Liability Coverage – (multi-year project beginning with HRWC)	\$0	\$100,000	TBD
Service Excellence	Roll out of “User Group” insurance program for renters of HRM facilities	\$5,000	\$0	\$0
Financial Stewardship	Work with C&RS with respect to ABCs to ensure alignment with Facility Lease Agreement process and inclusion under group insurance program	-	-	-

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14/15 Priority Alignment

Risk and Insurance Services cont'd

Priority Outcome (Why we are doing it)	Priority Deliverable (What we propose to do)	Proposed 14/15 Cost	Projected 15/16 Cost	Projected 16/17 Cost
Service Excellence	Finalize development and implementation of Volunteer Fire Association program	Cost to Fire	\$0	\$0
Governance and Communications	Development of Risk and Claims procedural manual/policy including identification of BU roles and responsibilities, as well as review and standardization of forms (multi-year project)	\$0	\$0	\$0

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