



P.O. Box 1749
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Item No.
Audit & Finance Standing Committee
February 27, 2013

TO: Chair and Members of Audit & Finance Standing Committee

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SUBMITTED BY:

Marian Tyson, Q.C., Acting Director
Legal, Insurance and Risk Management Services

DATE: February 7, 2013

SUBJECT: 13/14 Preliminary Budget Presentation

ORIGIN

At the December 4, 2012 Committee of the Whole, Regional Council directed staff to present the 2013/14 draft Budget and Business Plans to the Audit and Finance Committee for review and discussion prior to consideration by Regional Council.

RECOMMENDATION

It is recommended that the Audit and Finance Committee direct staff to proceed to prepare the Legal, Insurance and Risk Management Services Budget and Business Plan as proposed in the accompanying presentation, incorporating additional direction provided through the committee discussion on February 27, 2013 for inclusion in the proposed HRM 13/14 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2013-2014 Proposed Budget, the Audit and Finance Committee is reviewing each Business Unit's high level budget and proposed plans in advance of detailed Budget and Business Plan preparation.

At the December 4, 2012 Committee of the Whole Regional Council considered their Strategic Priority Outcomes and directed staff to: *“present the 2013/14 draft Budget and Business Plans to the Audit and Finance Committee for review and discussion prior to consideration by Regional Council following the priority outcomes described in Attachment “A” having regard to the changes and additional priorities raised by Council during the course of discussion in Committee of the Whole.”*

DISCUSSION

Staff has prepared a draft Business Unit Budget and Business Plan presentation consistent with the fiscal direction received from the Audit and Finance Committee on December 19, 2012 and aligned with the Council Priorities discussed at the December 4th Committee of the Whole.

Following direction from the Audit and Finance Committee, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed HRM 13/14 Budget and Business Plan documents to be presented to Audit and Finance Committee as per the process and schedule endorsed by Regional Council on December 4, 2012.

FINANCIAL IMPLICATIONS

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of the Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

None are associated with this report.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Audit and Finance Standing committee 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

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: Karen Marr, Administrative Coordinator, 490-1353

Original Signed

Financial Approval by:

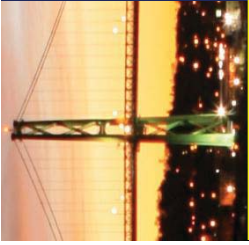
Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308



Audit and Finance Committee
13/14 Draft
Budget and Business Plan

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Risk Management Services



Legal, Insurance and Risk Management Services

Business Unit Overview

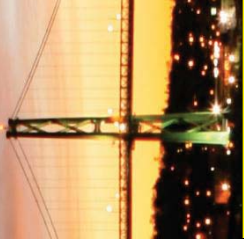
Legal, Insurance and Risk Management Services' mission is to provide HRM with quality, cost effective, timely and accessible legal, insurance and risk management services for all facets of its operations across the organization.

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

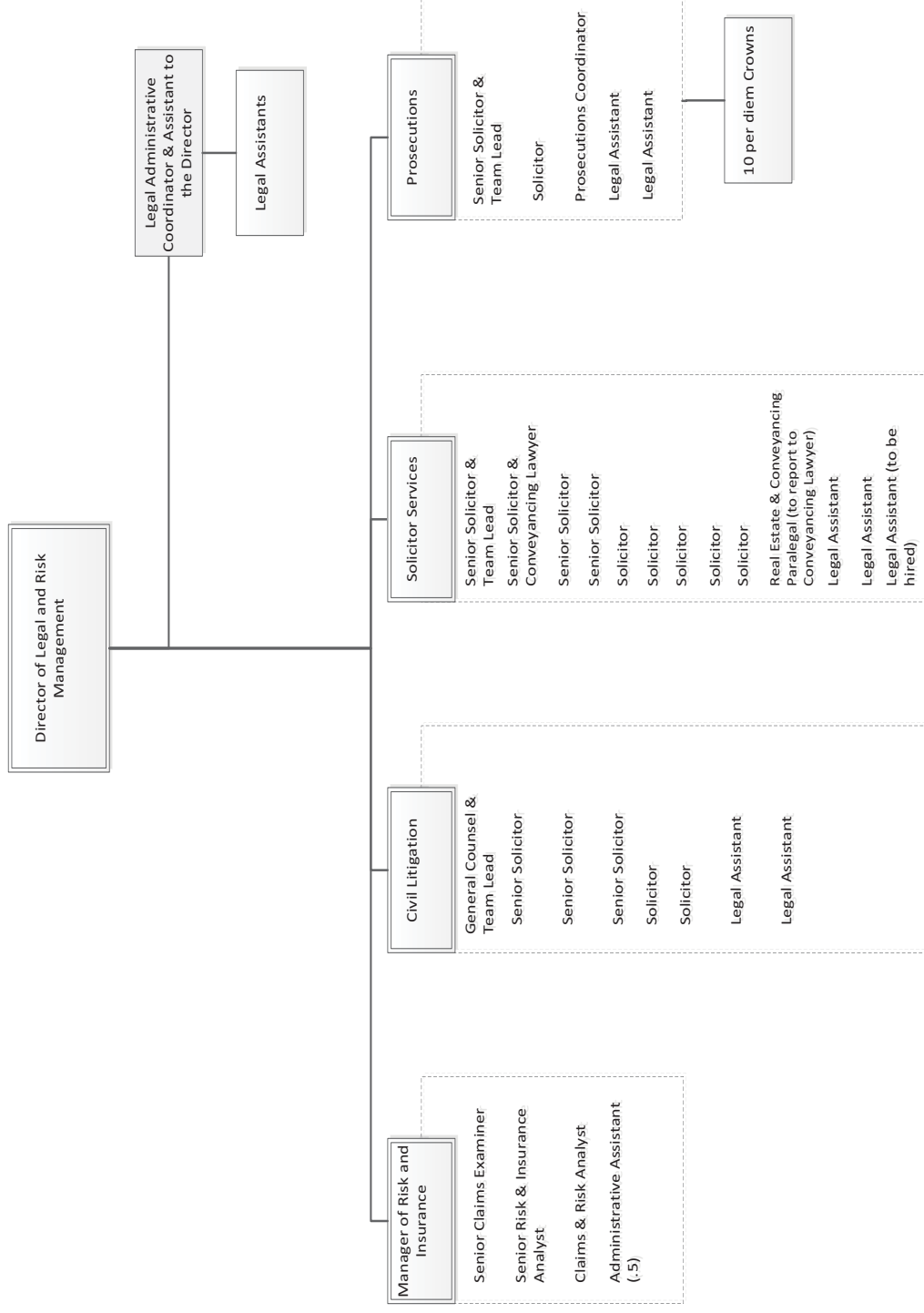


Legal, Insurance and Risk Management Services

- **Legal Services** supports Regional Council, its boards, commissions, committees and the business units, to provide legal services including all litigation, contract drafting and review, By-law development and reform, property transactions, prosecution of municipal By-laws and provincial regulatory offences, and general advice. (When final hires are made, will consist of 18 lawyers and 10 staff = 28 FTE)
- **Risk and Insurance Services** acts in conjunction with Legal Services to manage claims made against the HRM. This section manages the financing of HRM risk through insurance and a reserve. To reduce losses they apply sound risk management processes to the identification, analysis, and mitigation of loss exposures to the HRM. (4.5 FTE)



Legal, Insurance and Risk Management Services





12/13 Operating Budget Overview

Cost Element Groups	2010-11	2011-12	2011-12	2012-13	2012-13	2012-13
	Budget	Budget	Actual	Budget	Q3 Projection	Surplus/ (Deficit)
Expenditures						
Compensation and Benefits	2,275,450	2,450,165	2,455,251	2,480,000	2,605,026	(125,026)
Office	71,880	76,719	55,566	68,900	86,800	(17,900)
External Services	331,700	341,813	494,703	360,100	724,000	(363,900)
Building Costs	10,000	10,000	9,436	0	0	0
Other Goods & Services	120,275	112,334	112,093	110,400	124,300	(13,900)
Other Fiscal	(353,200)	(371,336)	(371,336)	(372,000)	(329,100)	(42,900)
Total	2,456,105	2,619,695	2,755,713	2,647,400	3,211,026	(531,700)
Revenues						
Fee Revenues	(228,000)	(194,100)	(213,628)	(209,400)	(218,500)	9,100
Total	(228,000)	(194,100)	(213,628)	(209,400)	(218,500)	9,100
Net Surplus/Deficit	2,228,105	2,425,595	2,542,085	2,438,000	2,960,600	(420,635)



12/13 Budget Breakdown

Cost Element Groups	2012-13 Budget	2012-13 Q3 Projection	2012-13 Surplus/ (Deficit)
Compensation & Benefits			
Legal Services	2,113,900	2,275,926	(162,026)
Risk and Insurance Services	366,100	329,100	37,000
Compensation and Benefits Totals	2,480,000	2,605,026	(125,026)
External Services			
6302 (Outside Legal)	170,000	400,000	(230,000)
6303 (Consultants)	0	109,000	(109,000)
6309 (Litigation Disbursements)	27,000	48,400	(21,400)
6310	0	0	0
6314 (Prosecution Services)	163,100	163,100	0
6399 (Contract Services)	0	3,500	(3,500)
External Services (Total)	360,100	724,000	(363,900)

6302 – Fees and disbursements paid to outside legal firms (CN, St. Pat’s, Citadel, Oval, Supreme Court matter which requires Ontario Agent, Solid Waste, elections matter, and other matters due to staff shortages in the previous year (2011-12))

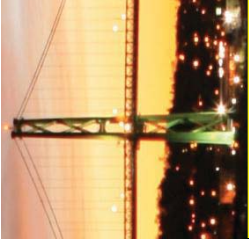
6303 – Project Managers to assist in implementation of Catalyst Report and Recruitment Services for new Legal Services Director

6309 – Litigation Disbursements (expert reports, transcripts, court filing fees, bailiff services & approx. \$20,000 in court awarded costs)

6399 – Temporary administrative services due to staff shortages and increased admin work (Supertemp)

Office – All lawyers were provided with blackberries for accessibility and new staff required computers, chairs and office supplies. Approximately only ¼ of the lawyers had blackberries in April 2012. Also bringing additional work “in house” increased postage/courier costs, paper costs, etc..

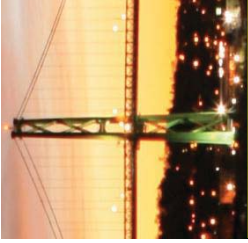
Other Goods & Services – Lawyers’ professional fees, library costs and mandatory training costs



Year to Year Base Comparison

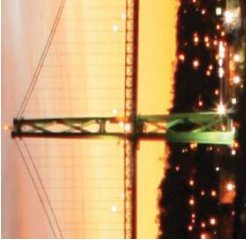
12/13 Services at 13/14 Costs including Inflation, Contracts, etc.

Service Area	12/13 Budget	13/14 Cost
Legal Services	2,438,000	3,076,500
Risk and Insurance Services		
Business Unit Total	2,438,000	3,076,500*



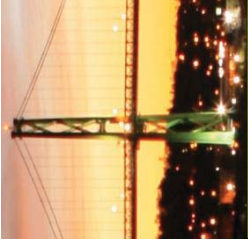
13/14 Cost Savings to HRM

Cost Savings to HRM and/or Legal Services	Proposed 13/14 Cost Savings
Moving real estate transactions “in house” reduces outside legal costs formerly paid by Planning & Infrastructure (this will also reduce capital project costs where there are land acquisitions or disposals).	163,000 +/-
Hiring junior lawyers to groom as municipal lawyers as opposed to hiring senior lawyers	111,000 +/-
Handling most litigation and commercial files “in house” except those to be determined by the Director of Legal Services as a conflict of interest or in other unusual circumstances	240,000 +/-
Standardizing contracts and leases and updated By-laws will save time of legal and other business units when the projects are complete.	



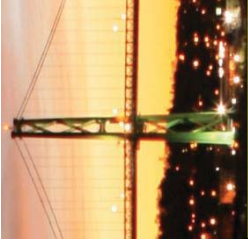
13/14 Priority Initiatives

Priority Initiative	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost	Priority Alignment
Implement approx. 80 recommendations from the Catalyst Consulting Report so that HRM Legal Services is positioned to handle the majority of legal issues facing HRM. This initiative includes hiring additional staff, moving work formerly done by outside legal firms “in house” and formalizing process and policies for carrying out HRM’s legal work. 7 Project Charters have been developed to itemize and implement the recommendations.				Financial Stewardship, Organizational Capacity, Excellence in Service Delivery and addressing AG recommendations
Cooperatively work with business units to develop policy, agreements, and legal framework to assist in achieving Council mandated outcomes in focus areas				Financial Stewardship Excellence in Service Delivery Economic Development Governance and Communication Healthy Communities
Increase Customer Service Orientation – timeliness, responsiveness, accessibility, etc.				Excellence in service delivery
Create efficiencies within the Business Unit, administratively and collaboratively with input internally and from other business units				Organizational Capacity, Excellence in Service Delivery and addressing AG recommendations



13/14 Priority Initiatives

Priority Initiative	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost	Priority Alignment
Creating a positive working culture within Legal Services				Excellence in Service Delivery
To become proactive stewards by increasing awareness of the role and responsibilities of Legal Services within HRM				Organizational Capacity, Excellence in Service Delivery and addressing AG recommendations
Recruitment/Succession Planning				Organizational Capacity – Succession Planning



13/14 New or Expanded Services

New or Expanded Service	Proposed 13/14 Cost	Projected 14/15 Cost	Projected 15/16 Cost	Priority Alignment
<p>By-law review project – a solicitor has been hired to carry out a complete review of HRM By-laws (new, amend existing, consolidate existing)</p>				Organizational Capacity Excellence in Service Delivery
<p>Real Estate transactions completed “in house” – Senior lawyer and paralegal responsible for transactions, advice and assistance to Real Estate</p>				Financial stewardship Excellence in Service Delivery Address recommendations of AG and Catalyst report
<p>Contract Review – review and/or standardization of contracts, leases</p>				Financial stewardship Excellence in Service Delivery Address recommendations of AG and Catalyst report
<p>Tax Sales – backlog of approximately 300 files and ongoing work in tax sales</p>				Financial Stewardship Organizational Capacity Excellence in Service Delivery



Questions and Discussion

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Risk Management Services