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Audit & Finance Standing Committee
October 16, 2013

TO: Chair and Members of Audit & Finance Standing Committee

Signed by

SUBMITTED BY: _____
Greg Keefe, Director, Finance & ICT/CFO

DATE: October 9, 2013

SUBJECT: 2014-15 Budget Process and Consultation Plan

ORIGIN

The 2014-15 Budget and Business Planning process, targets and consultation approach needs to be established.

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 Audit and Finance Committee recommend to Regional Council for approval:

1. The Budget schedule as per Attachment A – Audit & Finance 2014-15 Budget Schedule.
2. The Budget Consultation plan
3. Preliminary fiscal direction

BACKGROUND

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. This process was followed for the 2013-14 Budget process and is recommended for the 2014-15 Budget process. One of the key deliverables approved by Council for the 2013-14 fiscal year was citizen engagement for the 2014-15 Budget.

DISCUSSION

Process to develop the Budget:

The Audit and Finance Committee oversight of the Operating and Capital Budgets has proven to be an effective and transparent approach to developing those budgets. It is recommended that this approach continue for the 2014-15 budget. As part of that approach each Business Unit will appear before Audit and Finance with an overview of their budget and their services. As in previous years, any Councillor can attend the budget review at Audit and Finance. The timeline for each business unit is included in Appendix A with an expected date for completion of the draft budget to be tabled at Council on April 1st, 2014.

It is recommended that Audit and Finance Committee maintain the Budget process followed during the 2013-14 Budget for the 2014-15 Budget. The process allowed for detailed discussion on the status of operations within the various Business Units, the service levels they are currently maintaining and the budget pressures that exist. The process also allowed for additional information to be provided back to Councillors, if requested, without delaying the Budget presentation to Regional Council.

Public Consultations:

For the upcoming year, budget consultation is recommended to improve Citizen Engagement in the Budget process. This will consist of three key items: public discussions during the Community Councils; an on-line Budget tool; and, a public comment session at the end of each Audit and Finance meeting.

Budget discussions and a presentation to the public will occur starting with the November Community Council meetings. In addition, meetings will be scheduled with representatives of the business community. These meetings will allow the Mayor and Councillors to present and discuss information directly with the public and receive feedback.

Using an online budget tool (the Budget Allocator) provides the public with an opportunity to better understand the municipal budget and provide input for Council consideration in the budget process. This type of tool is becoming increasingly common amongst all levels of government, and offers citizens the opportunity to adjust taxation levels to support the level of services they

desire. There will be options to increase, decrease or maintain individual budgets on various services. Background information will be available to help citizens understand various municipal services and how they might be affected by budget increases or decreases. The on-line tool will be available for public input beginning in November 2013. The results from the Budget Allocator will be provided to Council for their consideration.

Lastly, at the end of each Audit and Finance meeting an open mike is proposed to allow interested members of the public to comment on the topic under discussion that day. This allows one additional manner in which the public can provide ongoing feedback.

Overall, the consultation process is designed to gather ongoing feedback from the public during different stages of budget development. The Budget Allocator will appeal to those with computer access who want to provide input early in the process. The public meetings at the Community Council and with the business community will allow for a more direct dialogue. Lastly, the open mike sessions at Audit and Finance will allow the public another chance to provide comments, as the budget details become more specific.

The information from both the Community Council discussions and the On-line tool will be reviewed and presented to the Audit & Finance Committee for their consideration during the Budget process.

Fiscal Direction:

As in previous years, the budget starts with a series of working assumptions on taxation, debt levels and public services.

To date, the assessment roll is not yet available and the assessment cap rate for 2014 has not been established. However, staff is suggesting that Council continue to focus on the average or typical tax bill when establishing tax rates. Those tax bills for Residents and Business should not increase by more than inflation, as represented by the amount of the assessment cap. This means that average taxes should not rise more than inflation but, as in past years, the municipality would take tax revenues from new properties and growth to help manage the expenditures and services associated with those properties.

The levels of debt that are to be associated with the upcoming capital budget should be established as per Council's Debt Policy. The upcoming capital budget will build upon Year 2 of Council's Plan. Already, state of good repair projects for year 2 has been pre-approved by Council. There may be some adjustments to these projects as well as those designed for service improvements and growth. Lastly, as per Council instructions, there are a number of longer term strategic projects that are being considered which may require adjustments to the operating and capital plan.

With respect to service levels, Staff is not recommending any specific service changes at this time and no budget targets have been provided to business units. Staff will continue to develop efficiency measures to save funds for alternative uses such as enhanced services or additional tax relief. As part of that exercise, the 2012-2013 final levels of expenditures will be closely

examined to ensure that any excess funds not yet built into this year's budget are properly allocated.

FINANCIAL IMPLICATIONS

HRM currently has a license with the service provider (Sustainet), for the engagement platform – EngagementHQ. The Budget Allocator is an additional tool of this software package which costs \$7,500 plus HST. Advertising and promotion costs for consultations are expected to cost approximately \$12,000. The funds are available within the current 13-14 Budget.

COMMUNITY ENGAGEMENT

The Budget Consultation will consist of an on-line balance-the-budget tool as well as an opportunity for the Public to discuss the Budget and the process with Councillors and the Mayor during the Community Council meetings scheduled in November 2013.

The Community will also be provided the opportunity to attend the Business Unit draft budget presentations to the Audit & Finance Committee, and afforded the opportunity to ask questions afterwards.

ENVIRONMENTAL IMPLICATIONS

Implications not identified.

ALTERNATIVES

Council is free to alter the budget process and debate the Budget directly at Regional Council.

ATTACHMENTS

A – Audit & Finance 2014-15 Budget Schedule

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

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Signed by

Report Approved by: Bruce Fisher, Manger Financial Policy & Planning 490-4493

Appendix A
Audit and Finance 2014-15 Budget Schedule

Subject	Target Date
Fiscal Direction and Consultation Plan	Oct 16
Capital Budget	Nov 20
Metro Transit	Dec 18
TPW	Jan 8
CRS and Library	Jan 15
Police and Fire	Jan 22
P&I	Jan 29
CAO & Governance, and Legal	Feb 5
HR and FICT	Feb 12
Return as Required	Feb 19
Fiscal and Consolidated Accounts	Feb 26
Draft Budget Tabled at Audit and Finance	March 26
Audit and Finance Recommendation to Regional Council	April 1