



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

## Item No. 4

**Halifax Regional Council  
Committee of the Whole  
October 23, 2007**

**TO:** Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in black ink, appearing to read "G. Kaiser".

**SUBMITTED BY:**

\_\_\_\_\_  
Geri Kaiser, Deputy Chief Administrative Officer - Corporate Services  
and Strategy

A handwritten signature in black ink, appearing to read "Brad Anguish".

\_\_\_\_\_  
Brad Anguish, Director - Business Planning & Information Management

**DATE:** October 17, 2007

**SUBJECT:** 2008/9 Business Plan Process Review

### ORIGIN

Motion of Halifax Regional Council, April 17, 2007, Item 10.1.1

### RECOMMENDATION

It is recommended that Regional Council:

1. Adopt the proposed revised Business Plan and Budget Debate process outlined in the Discussion section of this report.
2. Maintain the 2007/8 Council Focus Area approach and priorities: Infrastructure, Public Safety, Community Development, and Tax Reform for 2008/9.
3. Maintain the current Budget & Business Plan book format with the addition of an Infrastructure List supplement.

## **BACKGROUND**

At the conclusion of the 2007/8 Business Plan and Budget process Council put forth a motion for staff to report on the feasibility of changing the Business Plan and Budget process and format.

In short, changing the budget process and format is definitely feasible and there are a myriad of changes that Council could make. In the short term, the challenge becomes one of deciding which changes will facilitate better decision making and are achievable within current staff resources to facilitate development of the 2008/9 Business Plan and Budget. In the longer term beyond 2008/9, many change alternatives become possible. To better understand all of the possible options that Council might pursue in terms of changing the Business Plan and Budget process, staff conducted research through individual Councillor consultations and a Municipal Business Planning Best Practices Survey.

### **Councillor Consultations**

The following were the key issues identified by Council in April 2007 as well as during Councillor consultations that took place between September/October 2007:

- Allow plenty of time for informal and detailed discussions with staff in order to better understand programs and services.
- Organizational change has made it difficult to follow budget trends.
- More program and performance detail is needed to facilitate a proper review. (Give good explanations...but keep it simple). This will also demonstrate greater accountability.
- Need assurance that staff has been keeping note of what has been requested over the past few years.
- Need greater opportunity to contribute to strategy development and strategic spending (at a high level).
- Priorities should be limited to a small number and completed before new priorities are selected.
- The Parking Lot rules need to be clarified.
- The Council debate schedule needs to be confirmed.
- High level strategic information is needed to facilitate a proper debate.
- Where are the good news stories?
- What is the impact on Councillor districts? Moreover, fairness & equity amongst districts should be a factor of consideration when establishing the capital budgets.

While it was the intent to speak with all members of Council in the time allotted, staff were able to receive feedback from 14 Councillors and the Mayor prior to submission of this report. Staff certainly would welcome any further feedback that Councillors may wish to offer.

Analyzing the feedback from Council from a Business Plan and Budget process point of view, staff have summarized that Council is potentially interested in exploring three key areas of reform as follows:

- Priority Setting Process;
- Business Plan and Budget book format; and,
- Business Plan and Budget debate process.

Staff, therefore, mainly focussed the Best Practices survey in these areas.

### Municipal Best Practices Survey

Staff contacted a number of cities and asked questions regarding:

- Council priority setting processes
- Council business plan and budget debate/approval processes
- budget & business plan formats
- program & service review
- business planning and budget staff organizational structure

The following municipalities participated in the survey: Calgary, Charlotte (North Carolina), Edmonton, Fredericton, London, Niagara, Ottawa, Regina, Saint John (NB), and Winnipeg. Due to schedule conflicts, staff were unable to have discussions with Cape Breton Regional Municipality. Municipalities were selected because they were regarded as 'best in class' by staff or because staff knew they had something interesting to offer. For example: Charlotte is famous for its balanced scorecard approach, Calgary has a multi-year budget cycle, Regina has program reporting, Fredericton uses ISO 9001 for performance/quality management and because it had participated in the *Municipal Reference Model* (a method to define service offerings and conduct reviews).

As a result of the survey staff learned the following:

- *The importance of Council-led processes:* Every city conducted its business planning and budget activities quite differently, but what was consistent was the greatest successes seemed to be achieved through Council-led processes (not staff-driven) such as priority setting workshops or formal Council committee structures where staff only contributed in a minor supporting role.
- *Business Plan process is only one part of a larger framework:* It is not sufficient to simply change the format of a business plan or change the Council debate rules to yield improved decision making. Instead we need to build a complete solution where programs, budget, performance, and strategic management are integrated. In light of that staff have adopted a *Corporate Planning Framework* (Attachment A) as a result of discussions with the City of Winnipeg. More on the framework will be discussed in section 2 (decision making tools).
- *Multi-Year Planning:* Staff are perpetually on a planning treadmill finishing up one business planning & budget cycle only to shortly thereafter start the next annual planning cycle. Some leading cities are establishing multi-year planning and reporting cycles

(typically 3 or 4 years) which enables:

- greater strategic focus;
- substantive program changes or capital investments (at the start of a cycle) because Council are no longer encumbered by the high percentage of non-discretionary costs (typically staff investments) that are present in a one-year window;
- better program and investment continuity through election years; and,
- better staff alignment to Council's priorities (less frequent organizational change)

### Better Decision-Making Tools

As a result of the Business Plan Best Practices survey and previous Council commentary, staff recognized that a number of Business Plan processes needed considerable work and have already embarked upon implementing the following:

- *Corporate Planning Framework:* This framework will enable staff to identify gaps in our current processes in order to better support Council. The framework ties together community expectations with vision, strategy, business plans, and service delivery. This systematic framework should result in greater citizen satisfaction and ultimately keep us on track toward improving our community's quality of life. It outlines the governance role of Council as well as the management role of staff. (See Attachment A).
- *Service Identification and Review:* This project is now under way and aimed at formally defining HRM's programs/service offerings with a view to consistently evaluating the relevancy, quantity, quality, and method of service delivery.
- *Performance Measurement and Management system:* This project is under way and once complete this system will generate periodic reports on corporate performance metrics (finance, HR, service delivery) and quality of life/community metrics aimed at assisting staff and Council to focus public investment toward the areas in need. Corporate performance metrics will commence being reported in November 2007 and it is envisioned that a preliminary set of quality of life/community metrics will be ready for Council's consideration and approval by April 2008.
- *Infrastructure List:* This formal list will consolidate all planned and requested capital projects into one prioritized list. It will preserve all Councillor requests and ensure staff are always evaluating the full list of community needs. It will also serve to drive the capital investment strategy and improve decision-making around Provincial and Federal infrastructure programs. It is intended that this list will be distributed to Councillors for validation as part of the annual Councillor consultation process (in lieu of the past "blank sheet" approach).

Other Short Term Challenges for the 2008/9 Business Plan Season

In addition to the staff effort involved in providing the improved decision-support tools described above, it is important to note that staff will need to address other challenges for FY 2008/9 as follows:

- mandatory Public Sector Accounting Board (PSAB) Requirements impacting the reporting of Capital Budgets;
- organizational change resulting from the merger of HRM Stormwater & Wastewater divisions with HRWC and the creation of the Infrastructure and Asset Management Business Unit.
- any Tax Reform initiatives adopted by Council

In summary, there is a tremendous amount of staff effort already engaged toward improving the decision-support tools that Council desires and there is an abnormal requirement for additional staff effort to address some unique requirements for the 2008/9 business planning season. Ultimately, this places a limiting factor on how much more business plan process change that staff can reasonably support. Staff have therefore formulated business plan process change recommendations that are achievable in the face of some 2008/9 short term issues, with an eye towards longer term improvements beyond 2008/9.

**DISCUSSION**

Three key areas of business plan and budget reform have been explored as follows:

- Priority Setting Process;
- Business Plan and Budget book format; and,
- Business Plan and Budget debate process.

Priority Setting Process

Council currently sets upcoming fiscal year priorities through a process known as Council Focus Areas. This process originated with 14 focus areas in 2005/6 but was reduced to four broad focus areas for 2007/8 (Infrastructure, Public Safety, Community Development, and Tax Reform) to better facilitate an understanding of Council's key priorities. In preparing for the 2007/8 Business Plan, staff presented council focus area plans which were reviewed and endorsed by Council. These plans provided multi-year direction and currently in progress.

Given the feedback received in Councillor consultations, the fact that the plans are in progress with appropriate staff alignment, and the unique challenges for this planning season, staff are recommending that Council maintain the 2007/8 Council Focus Area approach and priorities: Infrastructure, Public Safety, Community Development, and Tax Reform for 2008/9. If endorsed by Council, staff will return in mid-November 2007 to provide an update on Council Focus Area progress and outline staff's proposed direction for 08/09 and beyond.

A potential alternative to status quo in the short term is for Council to conduct a “blank sheet” re-evaluation of its current priorities through a facilitated workshop or COW format.

Looking to the longer term business plan and budget process beyond 2008/9, best practice research revealed some priority setting alternatives to HRM’s current Council Focus Area approach:

- setting priorities through Committees of Council. This alternative would require realignment of Council’s current committee structure, but could potentially yield some interesting efficiencies for Regional Council.
- setting priorities through facilitated workshops (typically hosted by a third party) involving direct community input. This is a very similar approach to HRM’s current Community Visioning initiative.

Staff intend to further investigate these alternative approaches for potential long term application.

#### Business Plan and Budget Book Format

Given the feedback received through Councillor consultations and the unique challenges for the 2008/9 planning season, staff are recommending that Council maintain the current Budget & Business Plan book format with the addition of an Infrastructure List supplement as described in the Background section of this report. Consistency of budget data for year over year comparisons has been highlighted as an issue by several members of Council. Given that this is the last year of the current Council mandate, changing the Business Plan and Budget book format at this time would only further exacerbate the issue.

Several Councillors have expressed a desire to move away from the current “business unit-based” format to a “program-based” format. Staff will endeavour this year to provide an executive summary of the *business plan accomplishments and objectives* in a “program-based” format. Moving to a fully “program-based” *budgeting* process would be a significant multi-year undertaking for HRM that would require substantial realignment of our current business processes and information systems and is therefore not recommended at this time. Through the Service Identification and Review initiative (described in the Background section), staff will continue to enhance its capabilities for program reporting.

#### Business Plan and Budget Debate Process

Based on Council’s feedback to date, the current Business Plan and Budget Debate Process appears to be the largest source of frustration for several Councillors. The current process entails a tabling of the Business Plan and Budget book by the CAO followed by a few days of study for Council before staff begin numerous days of business unit presentations in a COW format. Given the varying knowledge and experience levels amongst Councillors, there are significantly varying levels of questions asked during the COW sessions with the net debate result typically being some

very minor adjustments to the proposed Business Plan and Budget through a Parking Lot process. Several Councillors clearly identified a desire for more meaningful and informal interaction with staff.

To help alleviate some of this frustration and the endurance of long formal COW sessions, staff are proposing a revised debate process as follows:

- CAO tables the Business Plan and Budget book with an Executive Overview that is program-based to the maximum extent possible.
- Councillors are provided two weeks to review the information and consult with staff as necessary. Staff would guarantee a specific turnaround time on requests for information/clarification during this period and would also schedule business unit “open houses” at City Hall whereby any member of Council could attend and have face to face discussions with key business unit staff regarding the proposed plans.
- After two weeks, Council would commence a COW format with a motion to approve the proposed Budget and Business Plan. Councillors would then move any amendments desired to the Plan, respecting the double-entry parking lot system. Ideally, Councillors would submit written proposed amendments ahead of the COW sessions such that appropriate staff are sure to be on hand for the debate. In any event, Business Unit Directors would be present.

This revised debate process would only be as successful as the Councillors who embrace the opportunity for informal dialogue and clarification with staff during the two-week period. This would enable Council to keep the formal Business Plan and Budget debate at a strategic level. If Council doubts that the informal two-week period would be embraced, then staff would recommend staying with the current process as it is well understood.

## **BUDGET IMPLICATIONS**

There are no budget implications arising from staff’s recommendations.

## **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

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

## ALTERNATIVES

1. Council could choose to maintain the status quo regarding all of the Business Plan and Budget processes. Staff can readily support this alternative.
2. Council could choose to propose various amendments to any of staff's recommendations. Staff would need to analyse potential impact to schedule and resources if the amendment had short term consequences.

## ATTACHMENTS

### A- Corporate Planning Framework

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.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: Marc Scarfone, MPA, Business Plan Coordinator, 490-1453

*Anna Marchand*

Financial Approval by: \_\_\_\_\_

For Catherine Sanderson, Senior Manager, Financial Services, 490-1562

*Brad Anguish*

Report Approved by: Brad Anguish, P.Eng., PMP, MBA, Director  
Business Planning & Information Management, 490-4769



Attachment A: Corporate Planning Framework



# Corporate Planning Framework

