



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

REVISED Jan 21/15
(Final slide added)

Item No. 4

Committee of the Whole
January 21, 2015

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Greg Keefe, Director, Finance and ICT (FICT)

DATE: January 21, 2015

SUBJECT: Proposed 2015/16 FICT Business Unit Budget and Business Plan

ORIGIN

At the October 21, 2014 Committee of the Whole, Council directed staff to present the 2015/16 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 2015/2016 FICT Business Unit 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 15/16 Budget and Business Plan documents.

BACKGROUND

As part of the design of the 2015/2016 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 18, 2014 Committee of the Whole Regional Council considered and confirmed their Council Priority Outcomes and directed staff to: "develop the 2015/16 Budget and Business Plans in support of these priorities."

DISCUSSION

Staff has prepared the proposed 15/16 Budget consistent with the preliminary fiscal direction received from Council on October 21, 2014 and aligned with Council Priorities as directed on November 18, 2014.

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 2015/16 Budget and Business Plan documents to be presented to Council, as per the process and schedule endorsed by Regional Council on October 21, 2014.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed budget for 2015-16. 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.

ATTACHMENTS

FICT Business Unit 2015 – 2016 Budget and Business Plan Presentation

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Lanna Prowse – Coordinator, FICT, 902.490.6527

Original Signed

Report and
Financial Approval by:

Greg Keefe, Director of Finance & ICT/CFO, 902.490.6308

The background of the slide features a large, stylized graphic of the letter 'H'. The top half of the 'H' is a dark blue triangle pointing downwards, containing the word 'HALIFAX' in white. The bottom half of the 'H' is composed of two lighter blue triangles pointing upwards, meeting at a central point.

HALIFAX

2015/16 Finance & ICT Draft Budget and Business Plan

Committee of the Whole

January 21, 2015

Business Unit Overview

- ❑ Finance leads the Financial Responsibility activities in support of the administrative outcomes and provides services and advice to internal clients, Council and residents of Halifax.
- ❑ ICT supports Service Excellence by providing reliable, cost effective, information and technology services to internal clients, Council and residents of Halifax.

Service Areas

- ❑ **Financial Policy & Planning** – Accountable for financial planning; coordination of the annual operating, project and reserve budgets; financial support and oversight; payroll; grants support; and taxation policy.
- ❑ **Financial Reporting/Accounting** – Provides project and asset accounting, projection and financial reporting and revenue and expenditure analysis.
- ❑ **Revenue** – Accountable for tax and general revenue billings, corporate collections, cash management, banking and the investment portfolio.

Service Areas

- ❑ **Procurement** – Coordinates the acquisition of goods, services, construction, and facilities; coordination and administration of contracts; surplus storage and disposal; and management and warehousing of inventory.
 - ❑ **ICT** – ICT is organized into three divisions: Strategic Planning and Delivery; Business Intelligence and Data Services; and Service Management and Operations, which emphasize the development, delivery, and management of technology-based business solutions.
 - ❑ **Corporate Planning** – Assists business units in service improvement; strategic and operational decision making; performance management; and maximizing collaboration on Council's priorities.
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14/15 Progress Update

14/15 Plan	Progress Update
Initiate LEAN Process Learning and Culture Change	Presented to Finance BU offsite linking LEAN to organizational culture/continuous improvement. Longer term planning is underway to ensure 15/16 activities are well supported.
Renegotiate the Supplementary Education Funding Memorandum of Understanding (MOU)	To Council for negotiating mandate in January 2015.
Develop and Initiate a Strategic Data Governance Program	Draft policy circulated to CAO and business units for approval in December. Data governance for oversight of data in Enterprise Asset Registry is being developed. Targeting February 2015.

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14/15 Progress Update

14/15 Plan	Progress Update
Performance Measurement – Publish service definitions and service standards and formalize the process for reporting performance results	Customer Relationship Management Q1 14/15 performance report delivered to Executive. 2014 Citizen Satisfaction Survey completed. Service Catalogue being re-compiled and validated based on operational re-alignment.
Transform Service Delivery and Communication Through the Re-design of www.halifax.ca .	Reviewing Web Transformation Strategy with business units in December. Web design (iteration II) and content inventory to be completed January 2014. Rebuild of site by December 2015.

HALIFAX

Operating Budget Overview

FICT Operating Budget Overview					
Expenditures	13/14 Budget	13/14 Actual	14/15 Budget	14/15 P7 Projection	15/16 Budget
* Compensation and Benefits	21,311,900	19,741,591	21,483,700	20,868,175	21,882,200
* Office	4,196,800	3,670,980	5,562,800	5,307,973	4,912,800
* External Services	800,800	2,060,278	1,679,700	2,479,961	1,664,700
* Supplies	29,400	11,806	20,500	18,515	20,500
* Materials	24,000	15,714	20,000	27,000	20,000
* Building Costs		4,895			
* Equipment & Communications	2,303,500	2,484,346	1,926,900	1,704,903	1,606,900
* Vehicle Expense	26,500	25,460	28,000	28,000	28,000
* Other Goods & Services	619,100	516,788	532,000	581,796	532,000
* Interdepartmental		(112,816)		600	
* Other Fiscal	(72,000)	260,400	(429,600)	(475,300)	(79,600)
** Total	29,240,000	28,679,442	30,824,000	30,541,623	30,587,500
Revenues	13/14 Budget	13/14 Actual	14/15 Budget	14/15 P7 Projection	15/16 Budget
* Fee Revenues	(2,375,000)	(2,222,209)	(2,260,000)	(2,195,000)	(2,190,000)
* Other Revenue	(363,000)	(524,294)	(388,400)	(591,026)	(393,400)
** Total	(2,738,000)	(2,746,503)	(2,648,400)	(2,786,026)	(2,583,400)
Net Surplus/Deficit	26,502,000	25,932,939	28,175,600	27,755,597	28,004,100

HALIFAX

Service Area Budget Overview

Service Area	13/14 Budget	13/14 Actual	14/15 Budget	14/15 P7 Projection	15/16 Proposed
FICT Admin	621,200	665,965	744,800	826,813	854,400
Corporate Planning	722,100	655,554	655,600	523,579	577,100
Finance	9,441,300	8,894,247	9,481,200	9,183,759	9,428,300
Information, Communications & Technology	15,717,400	15,717,172	17,294,000	17,221,446	17,144,300
Business Unit Total	26,502,000	25,932,939	28,175,600	27,755,597	28,004,100

15/16 Operating Budget Highlights

- ❑ Eliminate positions
- ❑ Interim tax bill to mortgage companies to be eliminated
- ❑ ICT contracts under review. i.e. voice services with Bell Canada
- ❑ Land line telephone rationalization
- ❑ Review existing fees for services i.e. false alarm
- ❑ E-post –tax bills

Year to Year Base Comparison

14/15 Services at 15/16 Costs including Inflation, Contracts, etc.

Service Area	14/15 Budget	15/16 Cost	15/16 Proposed
FICT Admin	744,800	860,200	854,400
Corporate Planning	655,600	581,100	577,100
Finance	9,481,200	9,596,500	9,428,300
Information, Communications & Technology	17,294,000	17,789,900	17,144,300
Business Unit Total	28,175,600	28,827,700	28,004,100

15/16 Cost Reduction Initiatives

Cost Reduction Initiative	Proposed 15/16 Saving	Projected 16/17 Saving	Projected 17/18 Saving
Compensation Efficiencies	137,200	137,200	137,200
Continued Budget Efficiencies	166,400	166,400	166,400
Equipment Planning	220,000	220,000	220,000
Land Line Contract Savings	250,000	250,000	250,000
Cell/ Land Line Rationalizations	50,000	50,000	50,000
Total to offset Base Cost increase	823,600	823,600	823,600

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15/16 Priority Initiatives

Priority Outcome (Why we are doing it)	Strategic Initiative (What we propose to do)	Proposed 15/16 Cost	Project ed 16/17 Cost	Projecte d 17/18 Cost
Economic Development - Economic Environment	Intelligent Community	100K+ (Wi-Fi)- nominal project cost. May be more if we need to pay for service. Not sure of funding source. 150K Smart City Strategy (in ICT bundle- capital)		
Economic Development - Economic Environment	Tax and Fiscal Strategy	Effort		
Financial Responsibility – Expenditure Management	Expenditure Management	Effort		

15/16 Priority Initiatives

Priority Outcome (Why we are doing it)	Strategic Initiative (What we propose to do)	Proposed 15/16 Cost	Projected 16/17 Cost	Projected 17/18 Cost
Governance & Communication - Communications	Halifax.ca	\$1.7 M (capital)	\$800K (capital)	
Service Excellence-Continuous Improvement	ICT Transformation	Effort	Effort	Effort
Financial Responsibility – Performance Management	Performance Measurement	Effort	Effort	Effort
Financial Responsibility – Performance Management	Management Accounting Framework & Reporting	Effort	Effort	Effort

15/16 New or Expanded Services

Priority Outcome Supported	New or Expanded Service	Proposed 15/16 Cost	Projected 16/17 Cost	Projected 17/18 Cost
Service Excellence – Continuous Improvement	Employee and Manager Self-Service	\$670K (capital), 25K OCC for annual software maintenance		

Questions and Discussion

Staff Counts (FTEs)

Service Area	2014/2015 FTEs	2015/2016 FTEs
FICT Business Unit Total	285.5	281.5
FICT Admin	4	5
Corporate Planning	7	6
Finance	165	161
Information, Communication & Technology	109.5	109.5