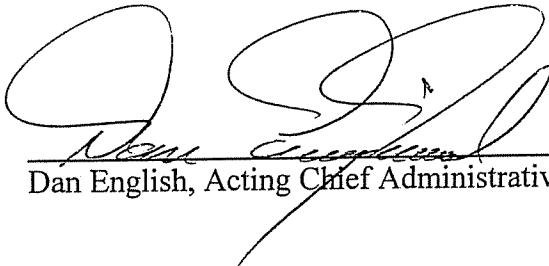


**Halifax Regional Council
Committee of the Whole**

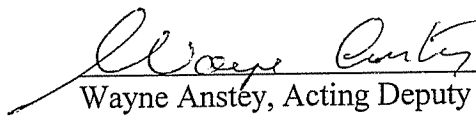
November 15, 2005
November 22, 2005
November 29, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Acting Chief Administrative Officer



Wayne Anstey, Acting Deputy Chief Administrative Officer

DATE: November 8, 2005

SUBJECT: Council Direction - 2006/07 Business Planning and Budgeting Process

ORIGIN

During a debrief of the Business Planning and Budgeting Process for 2005/06 in late spring, Program & Service Committee indicated a need for Council to be more involved earlier on in the process in order to provide more meaningful direction. Also, at a subsequent Council workshop earlier this fall, this theme was repeated. At the request of the Acting Chief Administrative Officer, staff were asked to develop a strategy that would enable the annual Business Planning and Budget process to be built around early Council consultation and address Council's stated areas of concern.

RECOMMENDATION:

That Halifax Regional Council adopt the process to facilitate greater Council consultation (as noted in the attached budget timetable, including council involvement in the various stages of the process) and direction in the 2006/7 Business Planning and Budgeting Process as described in this report.

BACKGROUND

Under the Municipal Government Act, the Chief Administrative Officer is required to submit a budget proposal to Council for discussion and approval. In achieving this, staff attempts to balance the requests of Council with financial and operational requirements.

In prior years, staff has presented a high level overview of the fiscal framework to Council in the fall, outlining the assumptions used in preparing the business plans and budgets. In late January or early February staff would provide overviews of the objectives and service changes proposed in their business plans to the Program & Service Committee for discussion and feedback. Councillor's comments and suggestions are reviewed by staff and incorporated where feasible, again aiming for a balance between Councillor's needs, operational and legally mandated requirements and fiscal imperatives. The proposed budget is then tabled at Council and the debate follows.

This year, staff has developed an approach for Council involvement that provides opportunity for Council input and direction earlier in the process. It has also been proposed that Council input be solicited through Committee of the Whole meetings rather than Program & Service. Feedback received from Council indicated that the early stages of the planning and budgeting process was imperative and should involve all of Council rather than be limited to the Program & Service Committee.

DISCUSSION

Council provides direction to staff on the fiscal framework, priorities, policies, service levels, and expected outcomes. The proposed business plan and budget should illustrate how this direction is to be implemented, through the allocation of resources and the delivery of programs and services.

1. Approval of the Budget

Final approval of the proposed business plans and budgets lies with Council. The CAO, as required by the MGA, will table a budget for discussion of Council. Council may wish to provide further direction during the budget debate that will follow the tabling of the proposed business plans and budgets.

2. Fiscal Framework/Operating Budget

Council sets the overall fiscal framework for the business planning and budgeting process. The fiscal framework establishes the parameters around which business planning and budgeting will occur. In particular, the fiscal framework establishes how the operating budget and tax rate are constructed, and the recommended level of the capital budget. Staff will present the fiscal framework to Committee of the Whole on November 15, 2005. Staff are seeking direction from Council in terms of the overall fiscal framework and assumptions.

3. Council's Focus Areas

Council has recently indicated broad focus areas it wishes to address. These include (in no particular order):

Regional plan
Transit
Infrastructure
Traffic
Public safety
Tax Reform
By-law enforcement

Community relations
Youth
Community recreation
Community development
Economic development

Council has agreed to a series of Committee of the Whole meetings to discuss what is currently being done in each of these areas, the issues impacting these areas, options for addressing these issues, and the implications of pursuing these options. Council's input will then be incorporated.

As the topic areas are fairly broad in nature, staff is asking Council to clarify specific projects or action items that are most important to initially address these broad focus areas as each item is brought to Council. It is not expected that all issues will be resolved in one session or even prior to the tabling of the budget.

In order to address some of the issues, there may be a requirement to reallocate or refocus existing resources; in other cases it may require additional, new resources. In order to ensure a balanced budget, staff, with Council's assistance, may be required to identify where funds can be reallocated in order to realize these options. Council may wish to consider which programs or areas may be reduced or eliminated in order to support Council's focus on other priorities.

The commitment to the Council Focus Areas will be reflected in the proposed business plans and budgets.

4. Capital Expenditures:

Council has indicated a number of focus areas for capital expenditures, although these have not yet been explicitly approved by Council. There was an expressed desire of the need for increased expenditures on streets, roads, and sidewalks, recreation, among other areas such as transit. Council has agreed to a set of criteria for determining priorities, and these are being applied to the three year capital list currently under development. Staff is working on the development of a longer term infrastructure plan. In the interim, Council may wish to discuss reallocation within the high levels of priority in the 2 year plan.

5. District and Community requests:

While Council provides direction on the overall approach to budgeting and business planning, individual Councillors also have priorities for their respective districts, as well as regional priorities for the HRM. Councillors have been invited to submit capital requests to staff in the past, and unfortunately this has not been effective as intended.

This year, Councillors have been asked to submit new lists including previously submitted items. Staff will endeavour to balance these requests against existing business unit responsibilities expected to discuss the results of this analysis with the individual Councillor. This year Councillors have also been asked to submit requests for operational support as well as capital.

In addition, last year's budget included an amount for recreation and parks projects for Community Councillors (Building Communities Fund), in part to address significant needs that could not be accommodated in the business unit's envelope. It is proposed for 2006/2007, that Community Councils again be asked to identify specific parks and recreation projects to be carried out using Building Communities Funds. These requests would be ratified through the Community Council, and then provided to staff to be addressed as part of the overall district and community improvement efforts.

6. Progress Report on Fiscal Framework

In addition to the discussions with Council prior to Christmas break, staff proposes to engage Council through Committee of the Whole once the Assessment Roll has been received from the Province. Council will be updated on the impact of the Roll on the fiscal framework; to discuss staff efforts towards meeting Council's focus area expectations, and the status of key initiatives and projects intended to bridge any gaps that may exist; and to outline any proposed service level changes resulting from business plans and budgets. Staff propose late January - early February for these discussions with Council.

7. Public Information:

As elected officials Councillors are well positioned to represent the issues and concerns of their residents during the business planning and budgeting process.

As a result, and in light of the number of public consultations that will be or are already taking place on issues such as the Regional Plan, Cultural Plan and the Revenue Strategy, staff propose that in depth public consultations on the 2006/2007 budget not be held at this time. In their place, staff would hold a series of information sessions this year with residents across the region through Community Councils. These sessions will provide residents and other stakeholders with an understanding of the challenges and opportunities facing the Region, and the efforts of Council and staff to address them through the planning and budgeting process. In addition, as in previous years, residents will have the opportunity to review the proposed budget online or request a copy from staff and provide input via staff or Councillors.

BUDGET IMPLICATIONS

There are no direct budget implications as a result of the material discussed herein.

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

Council could direct staff to expand existing elements of the proposed COW schedule or to add others.

ATTACHMENTS

Appendix A - Timeline for Council's Involvement in the 2006/2007 Business Planning and Budgeting Process

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.

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Report approved by:	_____	
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Appendix A
Timeline for Council's Direction in the
2006/2007 Business Planning and Budgeting Process

- October 11: Council focus areas identified
Criteria for ranking infrastructure projects approved.
- October 28: Councillor capital and operating requests submitted to Financial Planning.
Business Units to discuss individual requests with Councillors.
- Nov. 15: Fiscal Framework briefing to COW.
- Nov 15 -
Dec. 13: Series of presentations to COW on focus areas: Current initiatives, issues and
challenges, options to address these issues, and staff recommended option(s).
Council to decide on preferred option(s).
- Nov. 15: Staff to commence working on requested priority projects to address Council
focus areas.
- Mid Jan: Final assessment roll from Province allows refinement of revenue estimates.
- Feb. 14: Update to COW on Fiscal Framework and high level proposed service changes
and priority projects associated with Council's focus areas.
- March 28: Table 2006/2007 Business Plans and Budget to Council.
- April 3-14: COW to discuss Business Plans and Budget.
- April 18: Council approval of budget.