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**REPORT TO GOVERNANCE COMMITTEE  
MEETING OF WEDNESDAY, MARCH 28, 2018**

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**SUBJECT**     **Service Planning**

**ISSUE**

To outline efforts to enhance the current annual service planning process and identify how this contributed to the annual financial planning and budgeting process.

**BACKGROUND**

The Capital Regional District (CRD) has an established Corporate and Financial Planning process that includes the preparation of annual Service Plans that are reviewed by Commissions, Committees and the Board to inform and guide the development of annual budgets and enable long term financial, work program and work force planning.

The CRD Service Plans outline core service information including key service drivers such as trends, service levels, workforce considerations and performance measures. These plans also highlight divisional initiatives and implications for the overall work program and budget for specific areas of work. Divisional initiatives may relate to Board or Corporate priorities or are a result of Board or Committee direction in the previous year, or have been identified by staff as beneficial service adjustments. The process provides the opportunity to review work programs, make service amendments as necessary and identify financial implications as either having an annual or ongoing impact, increasing or decreasing the cost of service delivery.

The *Local Government Act* requires the CRD to approve an updated 5 year Financial Plan and annual budget prior to the end of March each year. Therefore, the timing of the review of Service Plans needs to occur early in the planning cycle to provide for the necessary approvals and the preparation of budget estimates. Fees and charges bylaws developed in consultation with Commissions and rate payers also need to be amended and adopted at the beginning of each year to enable the collection of adjusted operating revenue.

Following discussion at the Governance Committee on Service review options the CAO recommended that the organization enhance divisional service planning with more 'bottom up' staff involvement to identify potential service adjustments in an effort to improve efficiency cross departmentally and where appropriate, realign, reallocate or reduce service activities. While this recommendation was advanced to the Board it was referred back to the Committee and there was no further action taken to direct an alternative approach.

As a result of the presentations, reporting and discussion on the topic, the CAO and Executive Leadership Team have taken a significant number of steps to enhance the service planning process as part of managements' ongoing effort to improve service delivery, including the following:

- To increase the level of understanding and engagement by staff, CAO operational site visits and presentations were undertaken across the organization to discuss the corporate planning process, service and financial planning with opportunities for input, suggestions and questions.

- An Organizational Development Plan was prepared with goals and actions aimed at 'Strengthening the Foundational Core' of the organization and 'Engaging our Employees' with an aim to enhance policies, systems and practices and improve employee development, communication and engagement.
- Annual service planning summaries were amended to include budget variance details where estimates of changes in operational performance were material to budget estimates with a more detailed explanation of key drivers.
- The CAO and CFO review of changes in assumptions, trends and performance of individual division service and financial performance is consolidated into measures of organizational performance included in budget reports with a variance analysis, corporate performance ratios and bench marking against other organizations.
- Enhancements to the 2018 capital planning process have laid the foundation for quarterly variance reporting in the upcoming year.
- The 2018 Financial Services service plan includes additional improvements in a simplified allocation model, capital and operating reserve fund health, and a comprehensive financial controls policy review.

### **IMPLICATIONS**

Managers and supervisors have increased the level of engagement and collaboration among themselves and staff to identify potential service adjustments beyond the current scope of service planning. The objective is to best align and allocate resources to effectively undertake service activities with an aim to improve efficiency, internally or cross departmentally.

The service review process is documented year over year, and integrates a response to Board and Corporate Priorities. The process also identifies the resources necessary to maintain core services apart from new initiatives.

### **ORGANIZATIONAL AND FINANCIAL IMPLICATIONS**

The enhanced service review and budgeting process utilizes a more 'bottom up approach' with an aim to improve efficiency, internally or cross departmentally. This process aligns with the overall corporate planning process and is part of the financial planning and budgeting cycle. The enhanced process includes the opportunity for ideas to be generated from discussion with CAOs and Financial Officers from across the region and from other parts of BC and Canada through staff involvement in professional associations and networks.

### **RECOMMENDATION**

That the Governance Committee recommend to the Capital Regional District Board:

That the Service Planning update be received for information.

Submitted by:	Robert Lapham, MCIP, RPP, Chief Administrative Officer
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