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REPORT TO THE GOVERNANCE AND FINANCE COMMITTEE MEETING OF WEDNESDAY, OCTOBER 2, 2019

SUBJECT **2019-2022 Service Planning and Budget Process**

ISSUE

To provide the Governance and Finance Committee with an overview of initiatives undertaken in 2019 and planned for 2020 to deliver on approved Board Priorities and the Corporate Plan.

BACKGROUND

The Board completed its strategic planning early in 2019 and subsequently approved the *CRD Board Strategic Priorities 2019-2022*. Top priorities included:

1. Community Wellbeing – Transportation & Housing
2. Climate Action & Environmental Stewardship
3. First Nations Reconciliation
4. Advocacy, Governance & Accountability

Related to the above, the Board also identified 18 specific initiatives to be started/completed over its four-year term (Attachment 1).

Following Board confirmation of priorities, staff prepared the 2019-2022 CRD *Corporate Plan* to identify potential initiatives to advance Board Priorities. The Corporate Plan also identified initiatives to deliver on the CRD's established service mandates, approved plans and corporate priorities. Progress on the priorities is reported quarterly under the Corporate Priorities Dashboard.

Following completion of the Corporate Plan, staff commenced annual Service Planning. The Service Planning process identified resource implications to implement the Corporate Plan initiatives (including Board Priorities) as well as proposed adjustments to service levels and other departmental initiatives. The Service Planning process gathered information necessary to assemble a provisional budget for Committee and Board review.

DISCUSSION

Initiatives identified in the Corporate Plan cannot be undertaken without resourcing. The Board determines resourcing through its annual review and approval of financial plans. To support the Board's decision-making, staff, through the Service Planning process, provide recommendations on funding, timing and service levels to achieve the initiatives in the Corporate Plan.

In past years, service planning was undertaken division-by-division, with review and consideration of alignment and connection to Board Priorities and the Corporate Plan made primarily at the executive level. Staff have revised the Service Planning process to better align budget proposals to Board Priorities.

The revised Service Planning process centres on the preparation of business cases that outline the operational and cost implications of each initiative in the Corporate Plan as well as any proposed new operational initiatives. Specifically, the business cases capture the following information:

- drivers for new initiatives (is it a Board Priority, Corporate Priority or an initiative from an approved strategic plan?);
- community needs being responded to;
- how the initiative will make a difference;
- whether there is a need for additional resources;
- timing of the proposed initiative;
- cross-divisional staff effort required to complete the initiative;
- costs;
- funding sources;
- readiness to proceed;
- alternatives; and
- risks.

Divisional Managers completed business cases for their areas of responsibility, much like they previously completed divisional service plans. Departmental General Managers reviewed the business cases. Finally, the Executive Leadership Team assessed the business cases and prioritized/recommended those now being advanced for Committee/Board approval. Business cases were prepared and reviewed in consideration of the core service mandate and responsibility, key drivers, community needs, the most effective service delivery approach and the impact on other departments in the organization. In addition, departments identified the value proposition and key performance metrics associated with each community need.

Among the Board-directed initiatives, the items being advanced to the Standing Committees and Commissions are either currently underway or if requiring additional resources, have been incorporated in the proposed 2020 provisional budget. Remaining items are proposed to be considered for the 2021-2022 budgets unless Committees/Commissions direct advancing these initiatives earlier. Staff have also identified a number of departmental initiatives that will advance items that are strategies or have been identified by Committees and Commissions. The proposed new initiatives that require additional funding have been reflected in the provisional budget.

IMPLICATIONS

Committee/Commission/Board feedback on proposed new initiatives will be used to finalize budgets and financial plans. The budget review will identify the impact of core inflation, highlight key cost drivers, and explain changes in year over year costs. The provisional budget has been prepared in alignment with the Board approved budgeting guidelines and will be presented at the October 30, 2019 Committee of the Whole meeting.

Board approval of the budget/financial plans will enable staff to effectively and efficiently deliver services. Service delivery feedback will set the stage for the Board's annual review of its priorities.

CONCLUSION

Staff has revised the Service Planning process to effectively and transparently align financial planning to implement Board Priorities and the Corporate Plan. As this is a significant process change additional work will be undertaken to improve this process each year. The initiatives brought forward for 2020 have been evaluated in consideration of the organizational capacity, alignment with existing core service delivery and with regard to the financial impacts.

RECOMMENDATION

That the Governance and Finance Committee received this report for information.

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Attachments: Attachment 1 - 2019-2022 CRD Board Priorities on a Page