



BOARD Policy

Section:	Financial Services	BRD-0340-50
Title:	Financial Planning	037

1. PURPOSE

1.1 To establish a policy that guides the overall approach of the financial planning processes and decision making for the Sunshine Coast Regional District (SCRD).

2. SCOPE

- 2.1 This policy provides a framework for the development, communication, engagement, and approval process for the SCRCD's financial planning processes. The policy is to assist in guiding the overall fiscal planning and management of the SCRCD services.
- 2.2 The SCRCD manages over 45 distinct services to the five electoral areas (Pender Harbour/Egmont (Area A); Halfmoon Bay (Area B), Roberts Creek (Area D), Elphinstone (Area E) and West Howe Sound (Area F)) and three municipalities (District of Sechelt, Town of Gibsons and Sechelt Nation Government District). The municipalities and the electoral areas participate in a variety of services that are provided to residents in their areas. Each service includes a combination of participants depending on what the service is and where the service is provided.
- 2.3 This policy guides the financial planning processes through determining the commitment of financial resources needed to deliver SCRCD services, achieve the Board strategic priorities, and related master plans. Since economic circumstances and community needs can change from year to year, this policy is intended to guide financial decision making in any given budget cycle.

3. DEFINITIONS

- 3.1 "**Budget Authority**" means the position responsible by delegated authority by the SCRCD Board for the service budget.
- 3.2 "**Base Budget**" means the established operating budget core to the provisions of service including wages and benefits and general operating expenses.
- 3.3 "**Community Partners and Stakeholders**" means the community organizations that deliver services through agreement as part of an established SCRCD function such as libraries, museums and archives, community schools, Pender Harbour Health Clinic, regional recreation, and other economic development entities.
- 3.4 "**Fiscal Year**" means January 1 to December 31.
- 3.5 "**Five-Year Financial Plan**" means the SCRCD financial plan that considers a five-year term as per the *Local Government Act*.
- 3.6 "**Full-Time Equivalent (FTE)**" means the unit of measurement to calculate a divisions staff complement based on an average, full-time worker, and their hours on an annual basis.
- 3.7 "**Function**" means the organizational unit used by the SCRCD to segregate different services (example: Regional Water [370], or Community Recreation Facilities [615]).
- 3.8 "**Level of Service**" means the sum of the various metrics used to measure service delivery. Targets for levels of service typically balance the holistic costs and demands of technical, performance, and customer satisfaction metrics unique to each service being delivered to the community. These metrics can include the availability, quality, reliability, safety, legislative compliance, environmental impact, or the cost effectiveness of a service.



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- 3.9 “Service”** means the services provided by the SCR D that are established through bylaws that define the service to be delivered, the participants, the method of delivery, and the specific cost recovery details. Costs may not be shared between services. Service establishment is regulated by the provincial government and any alterations to the service must comply with provincial law.
- 3.10 “Service Plan”** means the document that outlines the goals and objectives of a service, including the general work-plan for a specific period.
- 3.11 “Support Services”** means the costs of general administration (support service costs) for the SCR D which is determined by the Support Service Allocation Policy.

4. POLICY

- 4.1** Overall financial planning involves projecting revenues, expenses, and key factors that have a financial impact on the organization. Understanding trends and potential risk factors that may impact overall financial sustainability allows for proactive decision making. The financial planning process allows decision makers to focus on long-term objectives, encourages strategic thinking, and promotes overall awareness for financial literacy in an organization. Long-term financial planning creates commitment and motivation to provide a guide for decision-making.
- 4.2** Financial planning relates to strategic planning, financial policies, capital and asset management planning, service plans, and budgeting, however, each process is fundamentally different, as shown in the Table 1 below. Each process informs and relates with one another.

Table 1:

Primary Planning Purpose	Strategic Planning	Financial Policies	Capital and Asset Management Planning	Service Planning	Budgeting
Establish an organizational vision	X	X			
Achieve organizational alignment	X	X	X	X	X
Forecast long-term revenue			X	X	X
Forecast long-term expenses			X	X	X
Setting rates				X	X
Identify unfunded liabilities (including pension-related issues)			X	X	X
Assessing infrastructure condition			X		
Determine long-term debt capacity					X
Conduct a general environmental scan	X				X



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Conduct analysis of the external economic environment	X			X	X
Conduct analysis of the fiscal environment		X		X	X
Prioritize services, initiatives, and programs and set goals	X			X	X
Determine long-term financial impact of priorities and goals			X	X	X
Allocate resources (HR Plan) to address priorities and accomplish goals			X	X	X
Set- short-term service-level goals based on priorities and long-term goals				X	X

4.3 Each budget authority's proposed service plan and budget must reflect the SCRD's Strategic Plan, priorities of the Board, Master Plans, and Service Plans. Operating plans will incorporate considerations for the levels of services, resourcing needs, capital renewal or expansion of service.

4.4 Guiding Principles

4.4.1 Financial Planning for the SCRD:

- a) Demonstrates the SCRD's commitment to short and long-term financial planning, including asset management, and financial best practices.
- b) Builds trust by providing timely, transparent information to the public, including an opportunity to engage through the financial planning process.
- c) Incorporates the priorities of the Board's Strategic Plan which provides the goals and objectives of the Board over their term and provides a level of continuity from term to term.
- d) Considers and integrates all the SCRD's relevant policies and plans such as (but not limited to) the Financial Sustainability Policy and Official Community Plans.
- e) Provides financial information that enables the Board to make informed decisions.
- f) Balances the community's economic environment with ensuring that there are adequate cash flows for service continuity and level of service.
- g) Follows life cycle costing principles in budgeting for capital and operating reserve contributions, asset replacement and asset maintenance costs.
- h) Considers the SCRD's environmental, social, governance, and community emissions goals.

4.5 Public Consultation

4.5.1 Per the *Local Government Act*, "A board must undertake a process of public consultation regarding the proposed financial plan before it is adopted." Financial plans



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are presented in an open session at all relevant committee meetings throughout the budgeting process.

- 4.5.2 Community information sessions will be held prior to and throughout the financial planning process.
- 4.5.3 Financial plan summaries and presentation materials are posted on the SCRD website throughout the proposed, recommended and adopted stages.
- 4.5.4 Notice of meetings are posted and available to the public on the SCRD website, social media, radio, local newspaper, and any other relevant communication unless prevented by technical issues.

4.6 Planning Cycle

- 4.6.1 Each year, immediately following the completion of the budget process, the Board will be presented with the proposed process and timelines, by way of the budget de-brief, for approval of the five-year financial planning process for the following year.
- 4.6.2 The five-year financial plan will reflect the general operating and capital budgets and will be updated on an annual basis for the following five years.
- 4.6.3 The preliminary base budgets will be reviewed annually and will include contracted (e.g., collective agreement changes) or previously approved items by the Board. It will not include an adjustment for inflation to the overall operational budget. New priorities or inflationary increases to maintain service levels will be presented to the Board for consideration as a proposal during the budgeting process.
- 4.6.4 Capital plans will be reviewed annually, prior to the five-year financial planning process and will be presented as part of the pre-budget deliberations.

4.7 Costs of Services

- 4.7.1 Each service budget must include all projected costs related to providing that service including a share of support service allocation costs as per the Support Services Allocation Policy.
- 4.7.2 Board approved capital renewal, reserve and operational plans will also be reflected as a cost of the service.
- 4.7.3 Environmental, Social, Governance, and community emissions goals and associated costs of services.

4.8 Human Resources Plan

- 4.8.1 The Human Resources (HR) Plan is the established staffing plan approved by the Board. The Board must approve any changes to the HR Plan.
- 4.8.2 The HR Plan is articulated in the financial plan through the wages and benefits expenditure details and will be updated to reflect wage allocations to the various functions of the SCRD, contractual increases (such as collective agreements), or terms of approved positions.
- 4.8.3 Any new positions will be presented to the Board in the form of a budget proposal, including a description of the position, business case for the position, term, and associated costs including wages, benefits and overhead.

4.9 Fees and Charges

- 4.9.1 Fees and charges form a material part of budgeted revenues. *Fees and Charges Bylaw* amendments must be completed prior to the commencement of the budget process or as defined by Bylaw.
- 4.9.2 Any proposed changes to fees and charges will include a communication and/or engagement plan to allow for users and rate payers to understand the need for changes or increases. This will occur prior to the Bylaws being amended and before the five-year financial planning process begins.



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4.10 Reserve Funds

- 4.10.1 Any financial plan will consider reserve fund levels for those services that expose the SCRD to a level of risk and/or that require the ongoing replacement and acquisition of capital items. Budgeted reserve contributions strive to balance immediate service needs and taxpayer impacts with longer term funding requirements.
- 4.10.2 The financial plan considers reserve contribution requirements of services where an asset management plan is an integral part of the service's long-term fiscal management.

4.11 Borrowing

- 4.11.1 Borrowing is an appropriate method of financing capital projects that have a useful life which exceed the term of the debt. The term of the debt is determined by the lifespan of the asset and the capacity of the service to pay for the annual debt servicing costs.
- 4.11.2 The cost of borrowing, including elector approval process, principle, and interest, will be included in the five-year financial plan, asset management plans, and service plans for the approved term of the borrowing.

4.12 Variance reporting

- 4.12.1 An overall corporate variance report will be presented to the Board for the second and third quarter fiscal periods (to June 30 and September 30). Final variance reporting, including surplus/deficits will be presented as part of the fiscal year-end process.
- 4.12.2 Any projected or actual service deficits will be accompanied by mitigation options or funding strategies to the Board for consideration as part of variance reporting.

4.13 Establishment of new Services

- 4.13.1 If the establishment of a new Service is being contemplated, the costs to conduct the feasibility of the service will be recovered through the assumed participants of the new service.
- 4.13.2 Ongoing funding obligations are considered for new services in context of those residents impacted by the establishment and ongoing revenue requirements for the service.
- 4.13.3 Jurisdictional responsibilities are determined prior to considering new service establishments.

4.14 Service Withdrawal

- 4.14.1 On a case-by-case basis and following special provisions respecting service withdrawal within Section 352 of the *Local Government Act*.

4.15 Carry-Forwards

- 4.15.1 Previously approved projects, either capital or one-time-operational that are either in-progress or delayed prior to year-end may be carried over into the subsequent five-year financial plan. The carry-forward project, authority to continue, and associated remaining funding must be approved by the SCRD Board for inclusion in the *Financial Plan Bylaw*.
- 4.15.2 Carry-forward projects do not have a direct financial or taxation impact for the following year's budget, however, there are staff or other resources still required.
- 4.15.3 The final carry-forward budgets shall be calculated by Finance and only remaining unused funding for the projects is carried over as part of year-end.

4.16 Financial Plan and Budget Amendments

- 4.16.1 From time to time, it may become necessary to modify the adopted Financial Plan or Budget for various reasons. Generally, the Financial Plan may be amended in one of two ways: administratively or through formal Board approval requiring Bylaw



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amendment. Proposed amendments must be accompanied by alternative options, service implications, or risks to the organization if the amendment is not granted.

4.16.2 Administrative Amendments:

- a) Administrative budget transfers include transfers from one line item to another within a function's operating budget, in accordance to the *Local Government Act* (general ledger accounts ranging from 5210-5270 only); a capital project; or capital renewal plan, which will not result in an impact to the overall budget.
- b) Proposed transfers from the Budget Authority require approval by the department head and authorization by the Chief Financial Officer.

4.16.3 Board Amendments:

- a) Budget amendments requiring Board approval are those which result in a change to the total appropriations for a specific project or service as follows:
 - a) The appropriation of revenue or expenses resulting in the activation of the Emergency Operations Centre (as approved by Emergency Management BC).
 - b) The acceptance and appropriation of a grant award.
 - c) The appropriation of additional funding if expenditures are projected to exceed budgeted amounts for specific operational programs, projects, or capital items.
- b) All budget amendments submitted to the Board for a resolution must identify the funding source or provide options for the Board considerations.

4.16.4 The five-year *Financial Plan Bylaw* and capital/asset management plans will be updated as required.

4.10 Approvals (Legal Obligations)

4.10.1 The SCR D financial plan is prepared in compliance with the relevant sections of Provincial Legislation.

4.10.2 Service budgets are approved and/or amended throughout the financial planning cycle at the committee level through discussion and committee recommendations.

4.10.3 The financial plan is adopted by the SCR D Board by way of a budget bylaw which must be adopted prior to March 31st as per section 374(1) of the *Local Government Act*.

4.11 Presentation of the Financial Plan

4.11.1 The financial planning process will be convened in open public statutory meetings.

4.11.2 The five-year financial plan will include operational and capital plans (where applicable) for each service.

4.11.3 All the relevant financial plan related documents will be made available on the SCR D website.

5. EXCEPTIONS

6. AUTHORITY TO ACT

6.1 Legislation

6.1.1 The statutory requirements for local governments for the completion of financial plans (budgets) and the public processes are set out in Provincial Legislation.

6.2 Board

6.2.1 Determine service levels through staff direction and approval of policies, procedures, budgets, and financial plans.

6.3 Delegated Authority

6.3.1 Recommend the Financial Plan Process Policy to the Board for approval.

6.3.2 Review any changes to the Financial Plan Process Policy in the future.



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7. REFERENCES (Bylaws, Procedures, Guiding documents)

- 7.1 Asset Management Policy
- 7.2 Administrative Support Services Allocation Policy
- 7.3 Financial Sustainability Policy
- 7.4 Investment Policy
- 7.5 Debt Management Policy

Approval Date:	July 28, 2022	Resolution No.	195/22 Rec. No. 4
Amendment Date:		Resolution No.	
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