

## **BUDGET SAVINGS ACCOUNT UPDATE - VACANCY REVIEW**

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### **EXECUTIVE SUMMARY**

As part of the focus on the Six Municipal Strategies for our Cyclical Economy, specifically supporting our commitment to focus on ensuring value for money in the services we offer, The City created the Budget Savings Account program. As a key factor in determining the Operating Budget savings, The City began a thorough review of all vacancies. This review was conducted to determine if the vacant position needed to be filled immediately, or if the salary and wage dollars associated with the position could be contributed to the Budget Savings Account. As a result of this review, Administration identified \$6.4 million dollars worth of savings related to vacant positions that forms one basis for contributions to the Budget Savings Account for Q1 2015. Capital projects that are either completed or near completion were also reviewed and has identified \$8.7 million dollars worth of savings to date. Given that some of these savings are funded through restricted grants, The City is reviewing how the savings from the Budget Savings Account will be used.

### **ADMINISTRATION RECOMMENDATION(S)**

Administration recommends that Council receive this report for information.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2015 February 10, Council; was presented with the Economic Resiliency Initiative comprised of a six point strategy, including a focus on ensuring value for money in the services we deliver. As part of that initiative, on 2015 March 09, Council approved a Notice of Motion directing Administration to undertake a vacancy review and explore opportunities for savings through the review of vacant positions and other operating expenses. Administration was directed to report back to Council on 2015 April 27.

On 2015 March 30, Council approved the creation of the Budget Savings Account, which serves as a fund for both corporate and business unit investments and is flexible to the fluctuations in service demands. The Vacancy Review has identified potential savings for contribution to the Budget Savings Account.

### **BACKGROUND**

As a part of the Economic Resiliency Initiative, in 2015 February, The City of Calgary began a thorough review of all of the current vacancies in the organization. The vacancies were reviewed to determine if there were salary and wage dollars associated with the vacant positions, and if not filling or delaying the hiring to find savings was possible without having a significant impact on service delivery to citizens.

The intent of this review was to ensure value for money in the services that The City offers, and respond to a potential shortfall in city revenues by contributing to the newly created Budget Savings Account.

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### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

As a key input into the operating savings, each department completed a thorough review of every vacant position. From there, it was determined if the vacant position needed to be filled immediately, or if the salary and wage dollars associated with the position could be contributed to the Budget Savings Account. The estimated dollar value of the vacancies available for contribution was calculated to be \$6.4 million for Q1 2015 (see attachment). Each department General Manager reviewed the vacancy information and committed to using the estimated savings as one basis for the department operating contributions to the Budget Savings Account. Other factors such as lower supply costs will also impact the Savings Account.

Future quarters are expected to have fewer vacancies and less money available through vacancy management for contribution to the Budget Savings Account. In order to contribute to the Budget Savings account in Q1, many departments delayed filling their 2015 growth positions, as well as other positions. These contributions were able to be made without a significant impact on service to citizens, however continuing to leave these positions vacant would impact the ability to deliver services committed to in the 2015-2018 Action Plan. Further, employee turnover is expected to decrease throughout 2015 due to the current economic situation, which would leave fewer vacancies available for contribution to the savings account as the year goes on. In ongoing efforts to contribute to the savings account, each department is also looking at other costs for potential savings.

Administration has also reviewed capital projects either completed or near completion in Q1. A total of \$8.7 million in savings has been identified (see attachment). However, some of these projects are funded through restricted sources such as federal and provincial grants. These project savings are being reviewed more thoroughly to determine how the money will be allocated.

### **Stakeholder Engagement, Research and Communication**

In order to ensure value for money, management in each business unit reviewed the vacancies and determined if they would be eligible for contribution to the Budget Savings Account. Human Resources and Finance personnel provided the information to the business units and worked with them to analyze and compile the information and provide an estimate as to the dollar value of the savings from the vacancies. Each General Manager reviewed the information and approved the contribution amount to the Budget Savings Account.

### **Strategic Alignment**

Reviewing vacancies and developing a Budget Savings Account is aligned with the Council Priority of being open, responsive, accountable and transparent, delivering excellent services at a fair price. The review is also aligned with focusing on ensuring value for money in the services we offer, which is one of the Six Municipal Strategies for our Cyclical Economy and the Economic Resiliency Initiative, as well as contributing to efforts being made under The City Manager's Contract with Council to shift the corporate culture.

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### **Social, Environmental, Economic (External)**

There are no immediate impacts by not filling the positions that were identified for contributions to the Budget Savings Account. However, there may be an impact to service delivery to citizens if these positions are not filled on a long term basis.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

There are no immediate operating budget implications resulting from this report. Savings identified through the review of vacancies and other costs will be directed to the Budget Savings Account.

#### **Current and Future Capital Budget:**

There are no immediate capital budget implications resulting from this report. Unrestricted savings identified through the review of capital project spending and funding sources will be directed to the Budget Savings Account.

### **Risk Assessment**

There are no significant risks associated with this proposal. The Vacancy Review and subsequent contributions to the Budget Savings Account is being undertaken to manage the potential risk of decreased revenues on city finances.

### **REASON(S) FOR RECOMMENDATION(S):**

The recommendation supports the Six Municipal Strategies for our Cyclical Economy and ensuring value for money in the services we offer. The recommendation also supports the Budget Savings Account, which allows The City to respond to changes in finances.

### **ATTACHMENT(S)**

1. Estimated Capital and Vacancy Budget Savings