

Budget Savings Account – Request to Create a New Reserve

Reserve Name

Budget Savings Account.

Purpose of New Reserve

On 2014 December 01, Council approved:

“That Council direct the City Manager to consider ways to encourage and provide incentives for business units to seek annual savings, **innovation and efficiencies**, within their operating and capital budgets, including, but not limited to the use of “savings accounts” and to bring a report to Council through the Priorities and Finance Committee no later than Q1 2015.”

Type of Reserve

Operating and capital.

Expected Time Period

Ongoing.

Specific project or on-going program

This reserve is intended to fund one-time operating and capital initiatives and projects that qualify under the terms of the Budget Savings Account.

Anticipated funding Source

Funding for the savings account will be generated by favourable budget variances identified by business units through the management of their operating and capital budgets. Capital funding sources are subject to restrictions which potentially limit the uses of any funds saved. Any potential capital savings identified would require disposition in a manner consistent with the terms and conditions of any governing policies or agreements.

This reserve does not meet the criteria to earn investment income.

Calculations Associated with Funding Source(s) (if required)

To remain responsive to current economic conditions The City will retain flexibility in the uses of these funds in the short-term.

Long term, operating funds accumulated in this account will be allocated 50% to initiatives at the business unit level and 50% to initiatives at the corporate level.

Capital project savings will be identified by the business unit when the project is completed.

List Budget Programs Affected

Operating Program: Corporate programs

Capital Program: Various business units' capital programs

Anticipated Target Balance for the Reserve

There is no target balance for this reserve.

Other Reporting Requirements

Budget variances will need to be tracked by business unit by quarter.

List and explain any Condition(s) and/or Restrictions

To remain responsive to current economic conditions The City will retain flexibility in the uses of these funds in the short-term.

Any savings generated by business units will fund the Budget Savings Account.

Funds will be allocated 50% to initiatives at the business unit level and 50% to initiatives at the corporate level.

Any savings generated in Corporate Programs will be directed to the Fiscal Stability Reserve as per Council's current direction.

Consequence of not creating the reserve

Currently there are not strong incentives for departments or business units to achieve actual results below budget. The budget savings account will provide this incentive and mechanism. Not creating this reserve will increase the administrative burden of this initiative by requiring an alternate tracking mechanism.

Reserve Review Guideline

As per normal review guidelines.

List Key operating and financial contacts responsible (for information purposes only).

Finance Lead – Manager of Corporate Budgeting, Economics, Management Analysis & Reporting

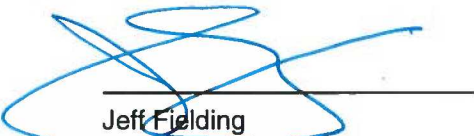
Operational Lead – Finance Managers

Approvals

Beng Koay
Director Finance/City Treasurer



Eric Sawyer
Chief Financial Officer



Jeff Fielding
City Manager