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**Item No. 10.2.1**  
**Board of Police Commissioners**  
**August 2, 2023**

**TO:** Chair Kent and Commissioners of Board of Police Commissioners

**SUBMITTED BY:** - Original Signed -

Cathie O'Toole, Chief Administrative Officer

**DATE:** July 21, 2023

**SUBJECT:** **Budget Process Refresh and Board Policy Update**

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**ORIGIN**

At the March 9, 2023, meeting of Board of Police Commissioners, the Board passed the following motion (item 10.3.3):

THAT the Halifax Board of Police Commissioners (BoPC) request that the Chief Administrative Officer (CAO) provide a staff report outlining changes to the BoPC Policy Handbook and to By-law P-100 that update and outline a budget process and format that aligns with the BoPC's legislated requirements under the Nova Scotia Police Act and follows past approved Council and Board direction related to the budget process. This report should include policy updates that include:

1. Presentation of all capital items within HRM's budget that impact the delivery of policing services. (Direction approved July 2019);
2. Incorporating public consultation into the Board's budget process (Direction approved January 2022);
3. Incorporate the approval of staffing and budget decisions related to the HRP budget, within the two-step process that was outlined in the October 18, 2022 staff report on Development of Budget and Approval Process for HRP;
4. Providing the BoPC with further detailed budget breakdown information related to HRP's budget earlier in the budget process; and
5. Outlining a timeline on when the budget process engagement should begin.

**LEGISLATIVE AUTHORITY**

**Halifax Charter**

**35 (1).** The Chief Administrative Officer shall

- (b) ensure that the annual operating and capital budgets are prepared and submitted to the Council.

**Police Act**

**Annual budget of police department**

- 53** (1) The board shall annually cause the chief officer to prepare a budget for the police department.
- (2) The board shall ensure that the budget prepared pursuant to subsection (1) is consistent with those matters referred to in subsection 55(3).
- (3) The budget prepared pursuant to this Section shall be submitted to council by the board for approval.

**HRM Police Board By-Law P-100**

**Power**

- 8** (2)(e) prepare and submit in consultation with the Chief of Police and the Chief Administrative Officer or delegate, to Council an annual budget for the municipal police service. The municipal council shall only exercise global budget approval and shall only accept the police service budget submitted to it by the board or refer back to the board with instructions that it be altered upward or downward by a specific dollar amount or percentage;

**RECOMMENDATION**

It is recommended that the Board of Police Commissioners:

1. Adopt the schedule outlined in Attachment 1 to be included in the Halifax Board of Police Commissioners Policy and Procedures Manual.
2. Direct the CAO to annually revise the schedule (if required) and present it to the Board in July prior to the upcoming budget cycle.

**BACKGROUND**

Following the motion made by BoPC at the March 9, 2023, meeting, BoPC requested the CAO consider proposing changes to the budget process and any necessary amendments to the Halifax Board of Police Commissioners Policy and Procedures Manual or By-Law P-100 to help clarify the budget process. Based on that motion, staff are recommending that the timeline that was previously established for the HRP budget process be included in the manual with revisions to include more time for public participation and a format constant with HRM's budget documentation.

**DISCUSSION**

Prior to the January 2021 update to the Halifax Board of Police Commissioners Policy and Procedures Manual, a general timeline for the budget process was included with the manual. The current version of the manual does not include any timeline for the budget, but it still references a timeline. The timeline was likely removed following HRM's change in budget process to move away from a two-year budget process.

Aligned with the Police Act, Section 6(4) (Board Roles and Responsibilities) of the Board's Policy Manual outlines details around the budget process:

3. With respect to the Halifax Regional Police the Board is responsible for the following (s. 54(1)- (3), s. 55 (1)(b), s. 55 (3)(h)-(i)):
  - a. The Board shall annually cause the Chief of Police to prepare a budget for the Halifax Regional Police; (budget timeline attached)
  - b. The budget shall be submitted to Halifax Regional Council by the Board;
  - c. The Board shall provide the administrative direction, organization and policy required to maintain

an adequate, effective and efficient police department, subject to the Police Act and the municipal Bylaw P-100;

d. The Board shall ensure a strategic plan and business plan is in place; and

e. The Board shall ensure the department is managed by the Chief of Police according to best practices and that it operates effectively and efficiently

As the HRP budget becomes more complex and increasingly scrutinized, this has introduced a level of uncertainty to the municipality's overall budget process. Recent budgets have risked being delayed as the HRP budget process has stretched into the municipality's overall budget. Having a budget delayed beyond the beginning of a fiscal year can result in plans not being executed on time or having project/services implementations paused. Setting a static date of when the budget is to be delivered to Regional Council will mitigate the risk of the HRP budget timeline delaying the ratification of the municipality's overall budget and setting tax rates for the year.

### **Operating**

The existing operating budget process for HRP begins when HRP receives a budget target from Finance & Asset Management (typically mid-October). Targets are completed before the budget direction is approved by Budget Committee. Based on the direction from Budget Committee, targets are adjusted accordingly. The objective of the targets is to determine the expected cost of the existing municipal services plus any Council approved changes to services. The budget process starts with high level estimates which are continuously refined as additional information becomes available or decisions are made.

If HRP cannot accommodate all its budget pressures within its budget target, the Chief of Police or their delegate(s) meets with the Chief Financial Officer (CFO, as the CAO's delegate) to discuss the challenges; revised budget targets are developed and distributed following the meeting. HRP then builds its business plan and budget to the revised target and presents their business plan and budget to the BoPC in conformance to the Police Act. The BoPC does not possess the authority to approve HRP's budget, however, it can recommend changes be incorporated and the budget be presented again. When BoPC is satisfied, it recommends HRP's budget for approval to Regional Council's Budget Committee during scheduled business plan and budget presentations.

Budget Committee deliberates on the overall HRP budget presented. In a situation where Budget Committee requests a change to the proposed HRP budget amount, HRP will revise accordingly and present the revised budget to BoPC where, upon hearing, recommend approval of the budget to the Budget Committee once more.

### **Capital**

Unlike operating budgets which are prepared by individual business units including HRP, the existing HRM capital budget process is a global process that begins in June when the executive Capital Steering Committee provides direction to capital project management staff to update project assumptions within the ten-year capital plan. During the summer and fall months, HRM asset owners meet with service managers to review service delivery changes and operational performance gaps. HRP should present their capital priorities for feedback to the Board of Police during this primary consultation phase before end of September when individual capital project requests are consolidated into the overall HRM portfolio. Most capital assets used in HRP service are both constructed and ultimately managed by other HRM business units, such as Facilities Design & Construction and Corporate Fleet.

The consolidated portfolio for all HRM divisions is evaluated against prioritization criteria which the priorities, service delivery goals, and risk mitigation as established by Council. Prioritized projects are then assessed by staff for implementation readiness to create an updated corporate ten-year capital plan. The Budget Committee of Council deliberates the overall municipal capital plan typically in December or January, approving a one-year capital budget and years two-through-four plan in-principle.

### **Proposed Timeline**

The timeline attached with this report, which is recommended that BoPC include in the manual, follows the

original timeline that was developed in 2018. However, the new timeline removes year two. HRM is currently reviewing its longer-term budgeting process, and this will likely be amended in upcoming years as the municipality moves to a four-year budget cycle. The other deviation from the 2018 timeline is proposing that two meetings be devoted to public participation.

Based on the proposed timeline, the HRP Budget process would begin in September when HRP and BoPC meet to develop their deliverables for the upcoming budget. Following that meeting, HRP will return to BoPC with their Business Plan and provide a high-level budget amount that includes pressures and costing of initiatives identified as part of the planned deliverables. BoPC will give feedback and direction to HRP. Following the presentation of the business plan, members of the public will be given their first opportunity to participate in HRP budget process.

Subsequent to public participation and direction from BoPC, HRP will work with the CAO to develop the detailed HRP Budget. The detailed HRP budget will be presented to BoPC in November. At that time, the municipality's CFO will provide an overview of HRM's current financial position as it pertains to the upcoming budget and will include capital budget highlights that impact HRP. The public will be invited to participate. Following feedback from BoPC and members of the public, the final HRP operating budget is expected to be approved by BoPC and then forwarded to Committee of the Whole on Budget in December.

In late January, Committee of the Whole (COW) on Budget will receive a presentation from HRP. The feedback from COW on Budget is a global budget approval or adjustments to the aggregate budget for HRP. Should the total amount of the HRP budget be revised by the Committee, BoPC will meet again in February to make any adjustments required to the budget and return the budget as recommended to Committee of the Whole on Budget for approval.

The October 2022, staff information report outlined a two-step budget process whereby a staffing plan would be created by HRP, and that plan would be submitted by the BoPC to Council for a decision. Following Council's decision, HRP would prepare a budget based on the staffing plan which BoPC would submit to Council for approval. As staff prepared the proposed timeline, the practicality of the two-step approach was questioned. As of the 2023/24 budget, 94% of HRP's expenditure budget is compensation. Thus, approving any staffing plan would inherently be approving the majority of HRP's budget. Therefore, in preparing the proposed timeline, staff opted to have it focus time for developing HRP's Business Plan, new initiatives & service adjustments, and an appropriate amount of time for public engagement. The end product of the timeline is a comprehensive HRP budget and business plan, including a staffing plan and fully costed budget that can be reviewed by Budget Committee.

Where the board is only in an advisory capacity with the Royal Canadian Mounted Police (RCMP), they were not included within the timeline.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

### **RISK CONSIDERATION**

No risk considerations were identified.

### **COMMUNITY ENGAGEMENT**

No community engagement was required.

### **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

**ALTERNATIVES**

1. BoPC could choose to not make any changes to the Board Policy and continue with the process.

**ATTACHMENTS**

Attachment 1 – Proposed timeline for HRP Budget & Business Plan

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Halifax Regional Police Business Plan/Budget Timeline			
Meeting Date	Group	Event	Event Details
September	HRM Asset Management	Capital Budget	Capital Planning assessment and consultation between asset owners and service providers. Identify performance and safety risks, service capacity deficiencies and lifecycle maintenance needs.
	HRP	Business Plan	Generation of the business plan deliverables for the business plan and budget process begins. Police Board engagement on strategic deliverables requiring their input and approval.
October	HRP	Business Plan	Business plan deliverables presented to Police Board.
	HRP	Operating Budget	Operating Budget - (Framework) Identify specific financial implications including (a) pressures identified as a result of new deliverables/initiatives recently identified; (b) contractual obligations and (c) revenue/recovery decreases and increases
November	Public	Public Participation (1)	Following the presentation of Business Plan and Budget Framework members of the public are invited to present to BoPC.
	HRM Finance	Operating Budget	HRM's Chief Financial Officer provides a brief presentation to Police Board on Budget Planning Process and Parameters including a high level overview of HRM's financial situation leading into the upcoming fiscal year. The update will include highlights of capital projects that impact HRP.
	HRP	Operating Budget	Draft proposed operating budget presented to Police Board for discussion, approval and include detailed analysis reports using HRM's standard Business Planning templates.
	Public	Public Participation (2)	Following the presentation of the operating budget members of the public are invited to present to BoPC.
December	COW-Budget Committee	Capital Budget	Presentation to Committee of the Whole.
	HRP	Operating Budget	Operating budget approval by Police Board.
January	COW-Budget Committee	Operating Budget	Presentation to Committee of the Whole - Final Police Board recommended HRP Business Plan and Budget Presentation to Council.
February	HRP	Operating Budget	In the event that Committee of the Whole does not approve the recommended budgets and requests either a higher net budget number or a lower net budget number, the entire draft budget will go back to the Police Board for further analysis and revisions.