



BOARD REPORT

REGULAR

REPORT DATE: April 28, 2026

BOARD MEETING DATE: April 30, 2026

BOARD REPORT # 2026-FIN006

TO: Surrey Police Board

FROM: Finance and Risk Committee

FILE: 60540-20-04

SUBJECT: Financial Update – Year-to-date expenditures (March 31, 2026)

This report FOR INFORMATION.

EXECUTIVE SUMMARY

As of March 31, 2026, year-to-date net expenditures totalled \$57.65M, representing 20% of the total budget. Salaries and benefits are the most significant expense category, representing approximately 76% of operating costs incurred to date. Several variances are timing-related, including fleet, IT, and project expenditures that are not incurred evenly throughout the year.

There is currently no indication of any material deviation from the overall net budget. As of the end of Q1, SPS is forecasting a year-end favourable variance of approximately \$244,000, reflecting lean operations in the months pending budget approval, civilian vacancies, and lower training-related costs based on current trends. Key spending areas to be monitored through Q2 include overtime, auxiliary staffing costs, civilian vacancies, and IT.

Budget risks and uncertainties include sworn overtime trending higher than expected and, while currently partially offset by vacancies, may increase during the summer period and in connection with FIFA-related operational requirements. Risks associated with FIFA-related overtime may be reduced if the City of Surrey agrees to cover the cost of these one-time events which were not incorporated in year-over-year budgeting. In addition, the approved budgets for auxiliary staffing and supplies and materials were reduced below prior-year actual expenditures, creating potential pressure as operational demands increase; these areas will be monitored and managed through prioritization and offsetting variances where feasible.

PURPOSE

This report summarizes 2026 year-to-date expenditures incurred up to March 31, 2026.

BACKGROUND

The 2026 policing budget, as approved by the Board and adopted by the City, is summarized below.

Approved SPS Budget

	2026
Operating Costs	
Board Remuneration	\$ 200,000
Salaries and Benefits	222,788,174
Lower Mainland Integrated Police Services	23,210,822
Other Operating Expenditures	49,938,117
	296,137,113
Capital Assets and Equipment	8,835,000
Surrey Provincial Operations Support Unit	24,954,864
	329,926,977
Less:	
External Revenues and Recoveries	(15,365,946)
Province of BC contribution	(30,000,000)
Net/Total Policing Expenditures	\$ 284,561,031

The 2026 budget presents policing costs under three main components: SPS Operating Costs, Capital Assets and Equipment, and the Surrey Provincial Operations Support Unit ("SPOSU") (RCMP members supporting SPS). The fundamental planning assumption underlying the budget is a targeted policing strength of 808 sworn members in 2026, including both SPS and RCMP members.

DISCUSSION

As of March 31, 2026, year-to-date net expenditures totalled \$57.65M (20% of the total budget), as presented below. However, although the SPOSU contract cost is presented as a line item in the Surrey Police Board's budget, the Board has no oversight or control over the contract's cost or deliverables, as the agreement is between the federal government and the Province of BC. This line item is included in the Board's budget and reporting for presentation purposes only, to provide stakeholders with a consolidated view of Surrey's total policing expenditures. Because the actual cost of SPOSU is unknown to SPS staff, the expense is currently accrued in proportion to the budgeted amount.

2026 Budget vs. Actual - Summary

As of March 31, 2026

	2026 Budget	YTD Actual	% Utilized	Remaining Budget
Operating Costs				
Board Remuneration	200,000	18,686	9%	181,314
Salaries and Benefits	222,788,174	45,922,363	21%	176,865,811
Lower Mainland Integrated Police Services	23,210,822	5,802,706	25%	17,408,116
Other Operating Expenditures	49,938,117	9,519,915	19%	40,418,202
	296,137,113	61,263,670	21%	234,873,443
Capital Assets and Equipment	8,835,000	1,469,177	17%	7,365,823
Surrey Provincial Operations Support Unit	24,954,864	6,238,717	25%	18,716,147
	329,926,977	68,971,564	21%	260,955,413
Less:				
External Revenues and Recoveries	(15,365,946)	(3,821,785)	25%	(11,544,161)
Province of BC contribution	(30,000,000)	(7,500,000)	25%	(22,500,000)
Net/Total Policing Expenditures	284,561,031	57,649,779	20%	226,911,252

Overall, as of the end of March, the most significant expense category is salaries and benefits, which account for approximately 76% of total operating costs incurred to date. Other organizational expenditures have begun to trend closer to budget expectations following finalization of the 2026 budget; spending was leaner in the period leading up to budget approval.

As of March 31, 2026, 2025 and 2026 cost-of-living adjustments have not yet been implemented, as SPU and CUPE continue to bargain collective agreements that expired in 2024. Accordingly, 2026 salaries and benefits costs do not yet reflect any retroactive adjustments. Overtime is currently trending higher than expected in Q1 and is anticipated to remain elevated due to operational requirements; however, these additional costs are currently being offset by vacancies.

Fleet-related expenses, including fuel, supplies, insurance, repairs, and maintenance, were below budget at the start of the year due to the timing of purchases, vehicle deliveries, and transfers. These costs are expected to increase later in the year.

IT-related costs are also trending lower than expected at this stage. However, IT and infrastructure project costs, equipment purchases, and capital expenditures are not incurred evenly throughout the year. As a result, current variances between budget and actual results are attributed primarily to transaction timing and project prioritization.

Appendix I presents itemized budget-to-actual results, and Appendix II presents itemized budget-to-actual results for Board expenditures.

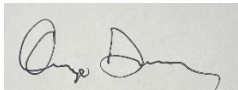
COMPLIANCE

All statutory remittances and reporting are currently up to date. Reporting and remittance frequencies are as follows:

- WorkSafeBC – quarterly
- Municipal Pension Plan – within 15 days of each payroll date
- BC Provincial Sales Tax (PST) – monthly
- BC Employer Health Tax (EHT) – quarterly
- Canada Revenue Agency
 - Goods and Services Tax (GST) remittances – quarterly
 - Payroll remittances – immediately following each payroll date

CONCLUSION

This report is provided to the Board for information.



George Duncan
Chair, Finance and Risk Committee

Appendix I Itemized 2026 Budget vs. Actual – March 31, 2026 and variance analysis
Appendix II 2026 Budget vs. Actual – Police Board - March 31, 2026

Appendix I

2026 Budget vs. Actual

As of March 31, 2026

	2026 Approved Annual Budget	YTD Actual	% Utilized	Budget Remaining
Operating Costs				
Board Remuneration	200,000	18,686	9.3%	181,314
Salaries and Benefits	222,788,174	45,922,363	20.6%	176,865,811
Lower Mainland Integrated Police Services	23,210,822	5,802,706	25.0%	17,408,116
Consultants and Professional Services	9,852,921	2,148,247	21.8%	7,704,674
Justice Institute of BC Recruit Training Fees	2,495,430	544,482	21.8%	1,950,948
Training and Travel	2,593,500	372,644	14.4%	2,220,856
Other/External Police Agency Support	665,000	197,364	29.7%	467,636
Brand Development and Advertising	288,647	41,217	14.3%	247,430
Events and Meetings	137,900	36,367	26.4%	101,533
Facilities Operating Expenses	2,695,200	345,523	12.8%	2,349,677
Leases and Rental	2,611,100	662,934	25.4%	1,948,166
Memberships and Professional Dues	64,070	22,725	35.5%	41,345
Other Expenditures	325,500	1,311	0.4%	324,189
Risk Management and Insurance	1,502,520	121,570	8.1%	1,380,950
Repairs and Maintenance	4,927,189	768,998	15.6%	4,158,191
Service Fees	129,000	33,746	26.2%	95,254
Software and Application Licences	7,012,654	1,335,537	19.0%	5,677,117
Technology System Levies	5,211,049	651,117	12.5%	4,559,932
Telecommunications/Telephony	1,244,900	178,568	14.3%	1,066,332
Supplies and Materials	7,452,537	1,890,779	25.4%	5,561,758
City of Surrey Allocated Costs	729,000	166,786	22.9%	562,214
Total Operating Costs	296,137,113	61,263,670	20.7%	234,873,443
Capital Assets and Equipment				
Protective Equipment - Armour and Shields	910,000	268,563	29.5%	641,437
Use of Force Equipment – Firearms	720,000	-	0.0%	720,000
Use of Force Equipment – Non-Lethal	90,000	-	0.0%	90,000
Vehicles/Police Fleet	7,115,000	1,200,614	16.9%	5,914,386
Total Capital Assets and Equipment	8,835,000	1,469,177	16.6%	7,365,823
Surrey Provincial Operations Support Unit	24,954,864	6,238,717	25.0%	18,716,147
Total Expenditures	329,926,977	68,971,564	20.9%	260,955,413
Less:				
External Revenues and Recoveries	(15,365,946)	(3,821,785)	25%	(11,544,161)
Province of BC contribution	(30,000,000)	(7,500,000)	25%	(22,500,000)
Other Revenues and Recoveries	(45,365,946)	(11,321,785)	25.0%	(34,044,161)
Net Policing Expenditures	284,561,031	57,649,779	20.3%	226,911,252

Budget vs. Actual Variance Analysis

In addition to the general explanation above in the report, specific line-item budget-to-actual variances of interest are outlined below. Please refer to the corresponding note numbers in the statement above.

1. Training and travel costs are currently trending below budget. Conference, course, and training expenses are not incurred evenly throughout the year and are expected to increase later in the year.
2. External Police Agency Support is trending above budget, as external agency support is required for major cases and project assurance while SPS continues to build internal capacity.
3. Brand Development and Advertising costs are trending below budget, primarily due to timing differences. Recruiting campaigns, marketing initiatives, and related expenditures are typically not incurred evenly throughout the year. In addition, some planned activities were postponed until after budget finalization and are expected to occur in later quarters.
4. Facility-related projects, including security upgrades, as well as ice and snow removal costs, have not yet been incurred but are expected in Q3 and Q4.
5. Risk management and insurance costs are correlated with vehicle purchases. Delays in vehicle deliveries, therefore, also delay these costs. In addition, fleet insurance is incurred as a lump-sum expense at annual renewal.
6. Repairs and maintenance expenses are not expected to be incurred evenly throughout the year; accordingly, this line item may fluctuate above and below budget from time to time. One of the main drivers of this variability is vehicle damage.
7. IT systems, infrastructure, and software costs are currently trending below expectations. The Financial Services Section is working with the IM/IT Division to determine whether this variance is related to project timing or changes in operational priorities.
8. Telecommunications and telephony costs are lower due to the lower number of employees at this point in the year and are expected to correlate with the hiring cadence over the coming months.
9. This line item includes policing duty equipment, personally issued equipment, uniforms, and ammunition, which are currently trending above budget in response to operational requirements. However, total Supplies and Materials remains on budget due to lower spending in other subcategories within this line item.
10. Body armour is purchased in bulk to realize better economies of scale.
11. Capital asset and equipment expenditures are currently trending below budget, primarily due to earlier conservative spending before the budget was finalized. With the budget now approved, spending increased in March and is expected to continue increasing in the coming months as hiring ramps up and projects proceed.
12. While vehicle orders have been placed, the associated costs are not recognized until delivery is confirmed by the manufacturer. Most vehicles ordered in 2024 and 2025 are expected to be received later this year.

Appendix II

2026 Budget vs. Actual - Police Board*As of March 31, 2026*

	2026 Budget Police Board	YTD Actual	% Utilized	Budget Remaining (over)
Operating Costs				
Board Remuneration	\$ 200,000	\$ 18,686	9.3%	181,314
Salaries and Benefits	397,016	83,840	21.1%	313,176
Consultants and Professional Services	255,661	33,930	13.3%	221,731
Training and Travel	11,000	165	1.5%	10,835
Events and Meetings	7,500	-	0.0%	7,500
Memberships and Professional Dues	5,000	2,263	45.3%	2,737
Other Expenditures	-	45	0.0%	(45)
Supplies and Materials	4,500	142	-	4,358
Total Operating Costs	880,677	139,071	15.8%	741,606

Budget vs. Forecast Variance Analysis

There is currently no indication of any material variances on the overall net budget. The forecast is presented for information. As of the end of Q1, SPS is forecasting a possible year-end favourable variance of approximately \$244,000.

The projected favourable variance reflects two months of lean operations pending budget approval, together with civilian vacancies and lower training-related costs based on current spending trends. As the timeline for district takeovers becomes more aggressive and places additional pressure on staffing resources, training activity is likely to remain below budget as members focus on increasing caseloads and maintaining adequate patrol staffing levels.

SPS also currently forecasts that spending on supplies and materials may exceed the approved budget for that line item, as that budget was adjusted downward to an amount below the prior year's actual expenditures, despite SPS operating at a larger scale than in the prior year. However, this pressure is expected to be manageable through favourable variances in other budget line items.

Key spending areas to be monitored throughout Q2, which may have a material impact on the next forecast update, include:

- Overtime
- Auxiliary Staffing Cost
- Civilian Vacancies
- IT