



REVISIONS AS INDICATED ON PAGE 5 OF REPORT - OCTOBER 25, 2021

REGULAR

REPORT DATE: October 25, 2021
BOARD MEETING DATE: October 26, 2021
BOARD REPORT #: 2021-FIN021

TO: **Surrey Police Board**

FROM: **Finance Committee**

FILE: **60540-20-04**

SUBJECT: **Budget Update Year to Date Expenditures**

RECOMMENDATION

The Finance Committee recommends that the Surrey Police Board (the “Board”) receive this report for information.

PURPOSE

This report presents a summary of the 2021 year-to-date expenditures incurred up to the period ended August 31st, 2021.

BACKGROUND

The Five-Year Financial Plan 2021 – 2025 endorsed by Council in December 2020 provided budget allocation for policing services which includes one time establishment costs for SPS and general annual operating funding.

The 2021 operating budget (per the 2021 – 2025 Financial Plan) is presented in the following table:

<i>(in thousands)</i>	2021	2022	2023	2024	2025
DEPARTMENT SUMMARY	BUDGET	PLAN	PLAN	PLAN	PLAN
SPS Operating	61,142	148,036	192,567	198,218	204,034
City Policing Support Services	26,028	8,252	2,326	2,326	2,326
RCMP Contract	96,892	33,112	-	-	-
Total Police	184,062	189,400	194,893	200,544	206,360

For 2021, SPS was allocated operating budget of \$61.1M, which was based on the deployment of 242 sworn members. At the time that the budget was prepared and presented to Council, it was unknown how much of the policing services would be provided by the RCMP and how much would be provided by SPS when it is approved for operations by the Province. As such, the City of Surrey estimated a 75/25 split, assuming 75% would be provided by the RCMP, and 25% by SPS. The exact proportion of the funding was to be determined during the year based on the final SPS deployment model approved by the SPTTC.

In the addition to the operating budget, the total budget of \$63.7M proposed for the capital/one-time transition to SPS is presented in the following table:

SUMMARY	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	TOTAL
Police Transitional One-Time Funding	\$ 25,200	\$ 23,084	\$ 5,400	\$ 5,000	\$ 5,000	\$ 63,684

The one-time expenditures for the 2020 year were budgeted at \$25.2M, of which \$20.6M was not expended and carried forward into the 2021 fiscal year. The one-time expenditures for the 2021 fiscal year were budgeted at \$23.1M. The total of \$43.7M is the available one-time budget for the current year.

The SPS and the City of Surrey are working collaboratively with both the Province of BC and the Government of Canada on the transition. The specific timing of the implementation of SPS is dependent on decisions by all three levels of government which impacts the timing of expenditures.

DISCUSSION

SPS Operations

As of August 31st, 2021, year-to-date expenditures are \$6.8M favourable compared to budget. The SPS has incurred a total of \$14.1M of operating expenditures compared to budgeted \$21.0M as presented in the table below:

	BUDGET	AUG YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Operations Summary</i>				
Salaries and Benefits	9,157,533	3,350,430	5,807,103	39,341,000
Other Expenditures and Transfers, including Capital*	11,799,556	10,790,553	1,009,003	21,801,000
Surrey Police Service Operations	20,957,089	14,140,983	6,816,106	61,142,000

* Includes ongoing contribution to Lower Mainland Integrated Teams with August YTD Budget of \$10.6M, August YTD Actual of \$10.6M, and 2021 Annual Budget of \$15.8M.

As of August 31st, 2021, SPS has incurred \$3.5M in total expenditures (excluding the ongoing contribution to Lower Mainland Integrated Teams), of which \$3.35M is for Salaries and Benefits and \$0.15M in Other Expenditures. Appendix I provides the breakdown by division of the year-to-date expenditures.

On August 31st, 2021, there were a total of 91 SPS employees (74 sworn members and 17 civilian staff). Of these employees, 22 employees were part of there the recruitment unit and the salaries of these employees are allocated to the One-time Policing Transitional Project as establishment costs.

Included in SPS Operations, are Salaries and Benefits of \$3.35M for 69 employees (54 sworn members and 15 civilian staff). These employees are engaged in the following initiatives:

- Development of policies and procedures
- Development of training programs, including operational and leadership skills development
- Procurement (equipment, uniforms, firearms, etc.)
- Tri-lateral coordination (human resources, asset transfer, facilities, etc.)

- Occupational health and safety development and organization
- Community engagement
- Staffing coordination and budget planning

Other Expenditures (excluding Lower Mainland Integrated Teams) of \$0.15M comprise primarily of \$30k of supplies, \$23k of relocation costs, \$22k of training, \$19k of legal, \$10k memberships and professional dues and \$5k of equipment rental. SPS presents a favourable variance of \$6.8M year-to-date.

Police Transitional One-Time Funding

The transitional one-time expenditures for 2021 are summarized in the table below:

	BUDGET AVAILABLE	AUG YTD ACTUAL	AVAILABLE AS OF AUG	2021 AVAILABLE	2021 FORECAST	EXPECTED CARRYFWD
<i>Transition Project Summary</i>						
One-time Policing Transition Project**	43,718,200	9,261,530	34,456,670	43,718,200	25,407,260	18,310,940

** Budget Available includes 2020 unused budget of \$20.6M carried forward to 2021.

Appendix II presents the details on the spending related to the establishment of the SPS. The unspent \$20.6M carried forward from 2020 has been reallocated for 2021 and future years based on the projects and priorities pertaining to the SPS establishment. Appendix II presents the total expenditures of \$9.3M incurred year-to-date August 31st, 2021. As in 2020, a year-to-date expenditures report will be provided to the Finance Committee monthly. The details of the budget allocations and corresponding expenditures are as follow:

- Legal includes expenditures for matters pertaining to collective bargaining, human resources, trademarks, and other establishment legal costs. Also, included in Legal is the cost of in-house legal counsel seconded from the City of Surrey. The year-to-date spend is \$240k with remaining budget available of \$244k.
- Strategy and Policy includes consulting, research, and policy advice. A great deal of groundwork was done in 2020 and \$8k has been spent as of the end of August 2021. The total budget available is \$325k.
- Financial Services includes external financial services advisors and accounting advice to support the establishment of SPS. The year-to-date spend is \$235k with remaining budget available of \$329k.
- Communications and Marketing includes consultants managing public relations required to support the establishment of SPS. Also, included is the City of Surrey staff to support the SPS websites, social media and communications activities with graphic design and videography. The year-to-date spend is \$437k with remaining budget available of \$174k.
- Human Resources includes expenditures for consultants and City of Surrey seconded staff directly involved with the HR matters. The year-to-date spend is \$134k with remaining budget available of \$413k.
- Recruitment, Assessment, and Training includes SPS employees hired to support surge recruiting for

SPS. As of August 31st, 2021, the recruitment unit includes salaries for 22 SPS employees (20 sworn members and 2 civilian employees). Also, included are expenditures related to testing and assessment of candidates and training for the new hires. The year-to-date spend is \$1.5M, of which salaries for the recruitment unit are \$1.1M. As of August 31, 2021, there is \$9.3M remaining budget available.

- Infrastructure Operating includes fleet maintenance and management. Also, included is the City of Surrey seconded staff managing infrastructure. The year-to-date spend is \$137k with remaining budget available of \$533k.
- Information Technology Operating includes maintenance of IT operating systems. Also, included is the City of Surrey seconded staff for IT project management. The year-to-date spend is \$269k with remaining budget available of \$4.3M.
- Information Technology Capital includes expenditures for building the data centre, dispatch systems, administrative systems, and telecommunication assets. The year-to-date spend is \$6.1M with remaining budget available of \$9.5M.
- Fleet Capital includes purchase of new vehicles. The year-to-date spend is \$70k with remaining budget available of \$1.0M.
- Armoury and Outfit includes expenditures for guns, uniforms, and personal issue kit. The year-to-date spend is \$11k with remaining budget available of \$7.8M.
- Facilities Capital includes retrofit costs for SPS to assume occupancy of facilities currently owned or leased by the City and occupied by RCMP. The year-to-date spend is \$123k with remaining budget available of \$477k.

As of August 31st, 2021, SPS has incurred \$9.3M in total expenditures and the project remains underspent compared to the available budget. The projected spending for 2021 fiscal year will be approximately \$25.4M. Areas of significant expected spending include Information Technology and Recruitment, Assessment and Training. By the end of 2021, SPS expects to carry forward \$18.3M to 2022 and future years.

CONCLUSION

Expenditures to date supporting the SPS Operations and the One-time Policing Transition Project have been managed in accordance with the Council-adopted 2021-2025 Financial Plan. Implementation of the SPS is well underway. Each project domain is moving forward. Expenditures for the period ended August 31st, 2021 were within the available budget for 2021.



Elizabeth Model
Chair, Finance Committee

APPENDIX I

Surrey Police Service - Operations
Year-to-Date Expenditures - August 31, 2021

	BUDGET	AUG YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Surrey Police Board</i>				
Salaries and Benefits	287,334	211,139	76,195	431,000
Other Expenditures and Transfers, including Capital	108,667	28,583	80,084	163,000
Surrey Police Board	396,001	239,722	156,279	594,000
<i>Office of the Chief Constable</i>				
Salaries and Benefits	841,684	678,000	163,684	1,262,525
Other Expenditures and Transfers, including Capital	131,034	12,338	118,696	196,553
Office of the Chief Constable	972,718	690,338	282,380	1,459,078
<i>Community Policing Bureau</i>				
Salaries and Benefits	2,222,999	1,108,549	1,114,450	20,138,475
Other Expenditures and Transfers, including Capital*	11,188,722	10,646,270	542,452	17,834,447
Community Policing Bureau	13,411,721	11,754,819	1,656,902	37,972,922
<i>Investigative Services Bureau</i>				
Salaries and Benefits	1,024,846	479,032	545,814	10,338,000
Other Expenditures and Transfers, including Capital	88,552	4,273	84,279	937,000
Investigative Services Bureau	<u>1,113,398</u>	483,306	630,092	11,275,000
<i>Support Services Bureau</i>				
Salaries and Benefits	4,780,670	873,709	3,906,961	7,171,000
Other Expenditures and Transfers, including Capital	282,581	99,090	183,491	2,670,000
Support Services Bureau	5,063,251	972,799	4,090,452	9,841,000
Surrey Police Service Operations	20,957,089	14,140,983	6,816,106	61,142,000

* Includes ongoing contribution to Lower Mainland Integrated Teams with August YTD Budget of \$10.6M, August YTD Actual of \$10.6M, and 2021 Annual Budget of \$15.8M.

APPENDIX II

One-time Policing Transition Project Year-to-Date Budget Reconciliation - August 31, 2021

EXPENDITURES	BUDGET CARRIED FORWARD	CURRENT YEAR BUDGET	BUDGET AVAILABLE	CURRENT YEAR ACTUAL EXPENSE	YEAR-END PROJECTION	EXPECTED BALANCE CARRIED FORWARD
	2020	2021	2021	2021	2021	2022
	(a)	(b)	(a)+(b)=(c)	(d)	(e)	(c)-(e)=(f)
Legal	363,923	120,800	484,723	240,363	484,723	-
Strategy and Policy	244,853	80,000	324,853	7,550	274,853	50,000
Financial Services	544,350	19,400	563,750	234,710	348,750	215,000
Communications and Marketing	333,148	277,700	610,848	436,579	610,848	-
Human Resources	475,000	71,900	546,900	133,624	302,950	243,950
Recruitment, Assessment, and Training	7,082,876	3,692,132	10,775,008	1,492,428	3,429,927	7,345,081
Infrastructure Operating	350,050	320,650	670,700	137,265	670,700	-
Information Technology Operating	271,400	4,278,445	4,549,845	268,792	3,296,574	1,253,271
SPS TRANSITION - OPERATION SUBTOTAL	9,665,600	8,861,027	18,526,627	2,951,311	9,419,325	9,107,302
Information Technology Capital	4,354,563	11,296,150	15,650,713	6,106,731	12,380,147	3,270,566
Fleet Capital	592,000	525,000	1,117,000	70,096	1,117,000	-
Armory and Outfit Capital	5,799,215	2,024,612	7,823,827	10,886	1,890,748	5,933,079
Facilities Capital	222,829	377,211	600,040	122,506	600,040	-
SPS TRANSITION - CAPITAL SUBTOTAL	10,968,607	14,222,973	25,191,580	6,310,219	15,987,935	9,203,645
TOTAL BUDGET BALANCE	20,634,207	23,084,000	43,718,207	9,261,530	25,407,260	18,310,947