



REGULAR

REPORT DATE: November 25, 2021
BOARD MEETING DATE: November 30, 2021
BOARD REPORT # 2021-FIN026

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 September 30th, 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 September 30th, 2021, year-to-date expenditures are \$9M favourable compared to budget. The SPS has incurred a total of \$16.6M of operating expenditures compared to budgeted \$25.6M as presented in the table below:

	2021					
	BUDGET	SEPT YTD ACTUAL	VARIANCE	PROJECTED ACTUAL	ANNUAL BUDGET	PROJECTED VARIANCE
<i>Operations Summary</i>						
Salaries and Benefits	12,436,107	4,440,095	7,996,012	12,096,200	39,341,000	27,244,800
Lower Mainland Integrated Teams	11,854,500	11,965,500	(111,000)	15,806,000	15,806,000	-
Other Expenditures	1,358,134	192,569	1,165,565	3,263,800	5,995,000	2,731,200
Surrey Police Service Operations	25,648,741	16,598,164	9,050,577	31,166,000	61,142,000	29,976,000

As of September 30th, 2021, SPS has incurred \$4.6M in total expenditures (excluding the ongoing contribution to Lower Mainland Integrated Teams), of which \$4.4M is for Salaries and Benefits and \$0.2M in Other Expenditures. Appendix I provides the breakdown by division of the year-to-date expenditures.

Lower Mainland Integrated Teams (LMIT) provide services throughout the Lower Mainland and is funded by each of the jurisdictions within the region. The following services are provided to support work of police in the Lower Mainland District:

- Emergency Response Team (ERT)
- Integrated Collision Analysis and Reconstruction Service (ICARS)
- Integrated Forensic Identification Services (IFIS)
- Integrated Homicide Investigation Team (IHIT)
- Integrated Police Dog Services (IPDS)

When the 2021 budget was prepared the total allocation for LMIT was allocated to the SPS budget. As such, the total cost associated with the LMIT is part of SPS spend.

Year to date, \$12M has been spent with \$0.1M unfavourable variance due to timing.

On September 30th, 2021, there were a total of 120 SPS employees (104 sworn members and 16 civilian staff). Of these employees, 23 employees were part of 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 \$4.4M for 97 employees (84 sworn members and 13 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 of \$0.2M comprise primarily of \$53k of supplies, \$27k of communications, \$25k of training, \$23k of relocation costs, \$19k of legal, \$10k memberships and professional dues and \$6k of equipment rental.

SPS presents a favourable variance of \$9M year-to-date and expects to spend \$31.2M by the end of 2021 (including \$15.8M for Lower Mainland Integrated Teams).

Police Transitional One-Time Funding

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

	BUDGET AVAILABLE	SEPT YTD ACTUAL	AVAILABLE AS OF SEPT	2021 FORECAST	EXPECTED CARRYFWD
<i>Transition Project Summary</i>					
One-time Policing Transition Project**	43,718,207	10,300,191	33,418,016	17,200,836	26,517,371

** Budget Available includes 2020 carryforward unused budget amount of \$20.6M.

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 \$10.3M incurred year-to-date September 30th, 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 \$262k with remaining budget available of \$223k.
- 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 September 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 \$269k with remaining budget available of \$295k.
- 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 \$460k with remaining budget available of \$150k.
- Human Resources includes expenditures for consultants and City of Surrey seconded staff directly involved with the HR matters. The year-to-date spend is \$144k with remaining budget available of \$403k.
- Recruitment, Assessment, and Training includes SPS employees hired to support surge recruiting for SPS. As of September 30th, 2021, the recruitment unit includes salaries for 23 SPS employees (20 sworn members and 3 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 \$1.8M, of which salaries for the recruitment unit are \$1.4M. As of September 30, 2021, there is \$9M 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 \$141k with remaining budget available of \$530k.
- 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 \$333k with remaining budget available of \$4.2M.
- Information Technology Capital includes expenditures for building the data centre, dispatch systems, administrative systems, and telecommunication assets. The year-to-date spend is \$6.5M with remaining budget available of \$9.1M.
- 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 \$167k with remaining budget available of \$7.7M.
- 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 \$139k with remaining budget available of \$461k.

As of September 30th, 2021, SPS has incurred \$10.3M in total expenditures and the project remains underspent compared to the available budget. The projected spending for 2021 fiscal year will be approximately \$17.2M. Areas of significant expected spending include Information Technology and Recruitment, Assessment and Training. By the end of 2021, SPS expects to carry forward \$26.5M 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 September 30th, 2021 were within the available budget for 2021.



Elizabeth Model
Chair, Finance Committee

Appendix I Surrey Police Service Operations - Year-to-Date Expenditures – September 30, 2021
Appendix II 5 Year Policing Transition Project - Year-to-Date Budget Reconciliation – September 30, 2021

APPENDIX I

Surrey Police Service - Operations

Year-to-Date Expenditures - September 30, 2021

	BUDGET	SEPT YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Surrey Police Board</i>				
Salaries and Benefits	323,250	230,188	93,062	431,000
Other Expenditures	122,250	29,614	92,636	163,000
Surrey Police Board	445,500	259,802	185,698	594,000
<i>Office of the Chief Constable</i>				
Salaries and Benefits	946,894	803,598	143,296	2,414,000
Other Expenditures	147,414	13,758	133,656	195,000
Office of the Chief Constable	1,094,308	817,356	276,952	2,609,000
<i>Community Policing Bureau</i>				
Salaries and Benefits	3,901,346	1,548,613	2,352,733	20,354,000
Lower Mainland Integrated Teams	11,854,500	11,965,500	(111,000)	15,806,000
Other Expenditures	795,916	18,225	777,691	2,045,000
Community Policing Bureau	16,551,762	13,532,338	3,019,424	38,205,000
<i>Investigative Services Bureau</i>				
Salaries and Benefits	1,886,363	651,067	1,235,296	10,338,000
Other Expenditures	166,635	5,182	161,453	937,000
Investigative Services Bureau	2,052,998	656,249	1,396,749	11,275,000
<i>Support Services Bureau</i>				
Salaries and Benefits	5,378,254	1,206,628	4,171,626	5,804,000
Other Expenditures	125,919	125,791	128	2,655,000
Support Services Bureau	5,504,173	1,332,419	4,171,754	8,459,000
Surrey Police Service Operations	25,648,741	16,598,164	9,050,577	61,142,000

APPENDIX II

One-time Policing Transition Project Year-to-Date Budget Reconciliation - September 30, 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	261,655	383,000	101,723
Strategy and Policy	244,853	80,000	324,853	7,550	100,000	224,853
Financial Services	544,350	19,400	563,750	268,860	444,100	119,650
Communications and Marketing	333,148	277,700	610,848	460,461	610,848	-
Human Resources	475,000	71,900	546,900	143,549	246,900	300,000
Recruitment, Assessment, and Training	7,082,876	3,692,132	10,775,008	1,795,381	3,191,200	7,583,808
Infrastructure Operating	350,050	320,650	670,700	141,152	193,025	477,675
Information Technology Operating	271,400	4,278,445	4,549,845	333,007	1,000,000	3,549,845
SPS TRANSITION - OPERATION SUBTOTAL	9,665,600	8,861,027	18,526,627	3,411,615	6,169,073	12,357,554
Information Technology Capital	4,354,563	11,296,150	15,650,713	6,512,356	8,500,000	7,150,713
Fleet Capital	592,000	525,000	1,117,000	70,096	270,000	847,000
Armory and Outfit Capital	5,799,215	2,024,612	7,823,827	167,032	1,661,723	6,162,104
Facilities Capital	222,829	377,211	600,040	139,092	600,040	-
SPS TRANSITION - CAPITAL SUBTOTAL	10,968,607	14,222,973	25,191,580	6,888,576	11,031,763	14,159,817
TOTAL BUDGET BALANCE	20,634,207	23,084,000	43,718,207	10,300,191	17,200,836	26,517,371