



REGULAR

REPORT DATE: November 22, 2022

BOARD MEETING DATE: November 30, 2022

BOARD REPORT # 2022-FIN015

TO: Surrey Police Board

DATE: November 30, 2022

FROM: Finance Committee

FILE: 60540-20-04

SUBJECT: Financial Update – Year-To-Date Expenditures (October 31, 2022)

RECOMMENDATION

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

PURPOSE

This report presents a summary of 2022 year-to-date expenditures incurred up to the period ended October 31, 2022.

BACKGROUND

The Five-Year Financial Plan 2022 – 2026 adopted by City Council in December 2021 provided the 2022 budget allocations for policing services, which included the annual budget for SPS and the one-time policing transition project budget.

The City’s 2022 – 2026 operating budgets for policing is presented in the following table (in thousands):

<u>SUMMARY</u>	<u>2022 BUDGET</u>	<u>2023 BUDGET</u>	<u>2024 BUDGET</u>	<u>2025 BUDGET</u>	<u>2026 BUDGET</u>
Policing Services Operating Budget	\$ 194,807	\$ 202,465	\$ 211,015	\$ 216,160	\$ 221,459

For 2022, \$72.53M was allocated to SPS; \$96.66M for the RCMP and \$25.62M for City Police Support Services. SPS’ budget is summarized as follows:

	<u>2022 Budget</u>
Remunerations, Salaries and Benefits	\$48,862,320
Other Expenditures	25,587,666
Federal Subsidy	(4,200,000)
2022 Capital	2,275,000
	<u>\$72,524,986</u>
2021 Capital Carry Forward/Reserve	\$ 2,275,000
Total Available	\$74,799,986

In addition to the budget for regular SPS operations above, \$63.68M has been allocated by the City for the policing transition to SPS, presented in the following table (in thousands):

SUMMARY	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	TOTAL
One-time Policing Transition Project	\$ 25,200	\$ 23,084	\$ 5,400	\$ 5,000	\$ 5,000	\$ 63,684

The available funds for one-time policing transition expenditures during 2021 was \$43.72M (including carried forward amounts from 2020), of which \$28.12M was unspent and carried forward into 2022. The 2022 budget allocation for the transition project is \$5.40M; a total of \$33.52M is available for 2022, presented in the Discussion section below.

The specific timing of SPS becoming the police of jurisdiction is dependent on decisions made by all three levels of government, which may affect the timing of expenditures.

DISCUSSION

SPS Operations

As of October 31, 2022, year-to-date net expenditures (operating and capital) were \$9.25M favourable compared to budget; SPS incurred net expenditures of \$52.24M compared to \$61.50M budgeted, presented in the following table:

Year-to-Date Expenditures Summary (Budget vs. Actual)

As of October 31, 2022

	YTD BUDGET	YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>SPS Operations</i>				
Board Remunerations	150,000	93,490	56,510	180,000
Salaries and Benefits	39,009,468	34,870,794	4,138,674	48,682,320
Lower Mainland Integrated Teams	13,836,280	13,836,280	-	16,603,537
Other Expenditures	7,639,476	1,771,246	5,868,230	8,984,129
Total SPS Operations	\$ 60,635,224	\$ 50,571,810	\$ 10,063,414	\$ 74,449,986
Capital Expenditures**	\$ 4,170,830	\$ 1,672,860	\$ 2,497,970	\$ 4,550,000
TOTAL SPS EXPENDITURES	\$ 64,806,054	\$ 52,244,670	\$ 12,561,384	\$ 78,999,986
Recovery - Federal/RCMP Subsidy	(3,308,054)	-	(3,308,054)	(4,200,000)
NET EXPENDITURES	\$ 61,498,000	\$ 52,244,670	\$ 9,253,330	\$ 74,799,986

** Capital Expenditures include a \$2.275M unused reserve carry forward from 2021 and an additional \$2.275M budgeted for 2022. Amortization not included.

As of October 31, 2022, SPS expended \$93K for board remuneration, \$34.87M for employee salaries and benefits, \$1.67M of capital expenditures, and \$1.77M of other expenditures, and accrued \$13.84M of contributions to Lower Mainland Integrated Teams. (Appendix I provides a breakdown of expenditures by Bureau.)

Lower Mainland Integrated Teams (LMIT) are funded by each jurisdiction within the region for their services, including:

- Integrated Homicide Investigation Team (IHIT)

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

The LMIT budget and expenses also include contributions to the Real Time Intelligence Centre (RTIC) and the Independent Investigations office (IIO).

On October 31, 2022, there were a total of 355 active SPS employees (296 sworn members and 59 civilians). Of these employees, 29 were assigned to temporary recruitment, security clearance, and various other positions required for the policing transition project; their salaries and benefits are currently allocated to the One-time Policing Transition Project fund.

Included in SPS Operations, are salaries and benefits of \$34.87M, with 326 employees (286 sworn members and 40 civilians) currently active. These employees are engaged in activities, such as:

- Community policing
- Community engagement
- Develop and maintain policies and procedures
- Develop and manage training programs, including operational and leadership skills
- Occupational health and safety development and organization
- Procurement (equipment, uniforms, firearms, etc.)
- Staffing coordination and financial planning
- Tri-lateral coordination (human resources, asset transfer, facilities, etc.)

Other expenditures of \$1.77M included: \$364K for supplies; \$580K paid to JIBC for recruits’ training; \$171K of telecommunication expenses; \$115K for training; \$381K for outsourced services; \$18K for insurance; \$15K of publications and reference materials; \$20K of memberships and professional dues; \$102K of travel expenses; and \$4K for recruiting activities.

One-Time Policing Transition Project (City of Surrey budget)

For awareness, the City’s one-time policing transition project expenditures are reported below:

One-Time Policing Transition Fund Summary

As of October 31, 2022

	TOTAL FUND AVAILABLE	YTD ACTUAL EXPENSES	REMAINING FUND BALANCE	FORECASTED EXPENDITURES (Prepared Sep 2022)	PROJECTED FUND CARRY FORWARD
	2022	2022	2022	2022	2023
Project Summary					
One-Time Policing Transition**	\$ 33,524,926	\$ 10,873,265	\$ 22,651,661	\$ 17,813,736	\$ 15,711,190

** Total fund available in 2022 includes \$28.125M carried forward from 2021.

Appendix II presents the detail on the policing transition project costs, related to establishing SPS, based on the latest financial forecast prepared in September 2022. Year-to-date expenditures as of October 31, 2022, totalled \$10.87M of the \$33.52M available; details of significance are presented below:

- Recruitment, Assessment, and Training expenses include costs incurred to support the recruiting surge for SPS, security clearances, testing and assessment of candidates, and training of new hires. As of October 31, 2022, resources currently assigned to temporary recruitment and security

clearance processing include 16 employees (10 sworn members and 6 civilians); year-to-date expenditures totalled \$2.25M (82% of the forecasted amount for 2022).

- Human Resources expenses include personnel in various temporary roles (auxiliary staff) and HR consultant(s) to support establishing SPS, with 13 civilians and one consultant as of October 31, 2022; year-to-date expenditures totalled \$629K (84% of the forecasted amount for 2022).
- Communications and Marketing expenditures include consultants managing public relations and brand development expenses to support the establishment of SPS; year-to-date expenditures totalled \$174K (80% of the forecasted amount for 2022).
- Financial Services expenses include outsourced financial service consultants and personnel to support setting up SPS' finance and payroll systems and databases; year-to-date expenditures totalled \$141K (85% of the forecasted amount for 2022).
- Legal expenditures are specialized legal services, for matters related to collective bargaining, human resources, trademarks, and other establishment legal costs; also included, is the cost of in-house counsel seconded from the City. The year-to-date expenditures totalled \$301K (77% of the forecasted amount for 2022).
- Information Technology Systems and Capital costs include IT operating systems setup, external consultants for project management, building our technology infrastructure (data centre, dispatch systems, administrative systems), and the procurement of related assets; year-to-date expenditures totalled \$5.13M (58% of the forecasted amount for 2022).
- Armoury, Outfit, and Other Equipment Capital costs are related to firearms, uniforms, personal issue kits, and other speciality equipment for policing; year-to-date expenditures totalled \$2.22M (63% of the forecasted amount for 2022).
- Facilities Improvement and Outfitting include retrofit and furniture costs for SPS to occupy facilities owned or leased by the City of Surrey; year-to-date expenditures totalled \$29K (108% of the forecasted amount for 2022). The 8% unfavourable variance compared to forecast is related to a minor cost allocation error; this will be corrected in November.

CONCLUSION

Expenditures to date, supporting SPS' operations and the One-time Policing Transition Project, are within the available funding for 2022.



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Chair, Finance Committee

Appendix I Surrey Police Service Year-to-Date Expenditures – October 31, 2022 (Budget vs. Actual)
Appendix II One-Time Policing Transition Fund – October 31, 2022

**Surrey Police Service
Year-to-Date Expenditures - October 31, 2022
(Budget vs. Actual)**

	YTD BUDGET	YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Surrey Police Board</i>				
Board Remunerations	150,000	93,490	56,510	180,000
Salaries and Benefits	292,000	264,668	27,332	346,072
Other Expenditures	232,500	48,819	183,681	279,080
Surrey Police Board	\$ 674,500	\$ 406,977	\$ 267,523	\$ 805,152
<i>Office of the Chief Constable</i>				
Salaries and Benefits	2,147,846	2,124,565	23,281	2,538,477
Other Expenditures	332,881	193,939	138,942	395,555
Office of the Chief Constable	\$ 2,480,727	\$ 2,318,504	\$ 162,223	\$ 2,934,032
<i>Community Policing Bureau</i>				
Salaries and Benefits	21,609,279	20,883,757	725,522	27,262,420
Lower Mainland Integrated Teams	13,836,280	13,836,280	-	16,603,537
Other Expenditures	1,623,529	174,230	1,449,299	1,913,774
Community Policing Bureau	\$ 37,069,088	\$ 34,894,267	\$ 2,174,821	\$ 45,779,731
<i>Investigative Services Bureau</i>				
Salaries and Benefits	4,944,984	2,691,091	2,253,893	6,310,238
Other Expenditures	560,440	67,310	493,130	680,690
Investigative Services Bureau	\$ 5,505,424	\$ 2,758,401	\$ 2,747,023	\$ 6,990,928
<i>Support Services Bureau</i>				
Salaries and Benefits	10,015,359	8,906,713	1,108,646	12,225,113
Other Expenditures	4,890,126	1,286,948	3,603,178	5,715,030
Support Services Bureau	\$ 14,905,485	\$ 10,193,661	\$ 4,711,824	\$ 17,940,143
Total Operation Expenditures	\$ 60,635,224	\$ 50,571,810	\$ 10,063,414	\$ 74,449,986
Capital Expenditures**	\$ 4,170,830	\$ 1,672,860	\$ 2,497,970	\$ 4,550,000
TOTAL SPS EXPENDITURES	\$ 64,806,054	\$ 52,244,670	\$ 12,561,384	\$ 78,999,986
Recovery - Federal/RCMP Subsidy	(3,308,054)	-	(3,308,054)	(4,200,000)
NET EXPENDITURES	\$ 61,498,000	\$ 52,244,670	\$ 9,253,330	\$ 74,799,986

** Capital Expenditures include a \$2.275M unused reserve carry forward from 2021 and an additional \$2.275M budgeted for 2022. Amortization not included.

One-Time Policing Transition Fund

As of October 31, 2022

	2020 - 2021 Expenditures	October YTD Expenditures	2022 Forecast	% Spent	2023 Projection	2024 Projection	Total Projected Transition Project Cost
Recruitment, Assessment, and Training	\$ 3,116,218	\$ 2,251,861	\$ 2,761,351	82%	\$ 5,683,900	\$ 1,477,610	\$ 13,039,079
Human Resources	870,868	629,218	747,256	84%	994,484	727,959	3,340,567
Communications and Marketing	696,912	174,312	216,648	80%	291,000	228,210	1,432,770
Financial Services	518,425	141,344	165,354	85%	230,000	207,000	1,120,779
Legal	729,518	300,639	391,169	77%	314,786	330,526	1,765,999
Strategy and Policy	782,059	-	-	-	-	-	782,059
Information Technology Systems and Capital	11,618,958	5,131,232	8,908,139	58%	9,877,666	2,068,716	32,473,479
Armory, Outfit and Other Equipment Capital	905,781	2,215,839	3,524,574	63%	685,757	-	5,116,112
Fleet Conversion and Capital, and Other Infrastructure	429,139	-	1,072,626	0%	862,500	-	2,364,265
Facilities Improvement and Outfitting	491,196	28,820	26,619	108%	647,268	809,086	1,974,169
Total Expenditures:	\$ 20,159,074	\$ 10,873,265	\$ 17,813,736	61%	\$ 19,587,361	\$ 5,849,107	\$ 63,409,278
Prior Year Fund Carry Forward:	\$ -	\$ 28,124,926	\$ 28,124,926		\$ 15,711,190	\$ 1,123,829	\$ -
Budget Allocation:	48,284,000	5,400,000	5,400,000		5,000,000	5,000,000	63,684,000
Accumulated Fund Balance (Carry Forward):	\$ 28,124,926	\$ 22,651,661	\$ 15,711,190		\$ 1,123,829	\$ 274,722	\$ 274,722 *

* \$274,722 overall contingency/unallocated