



REGULAR

REPORT DATE: October 18, 2022

BOARD MEETING DATE: October 26, 2022

BOARD REPORT # 2022-FIN012

TO: **Surrey Police Board**

FROM: **Finance Committee**

FILE: **60540-20-04**

SUBJECT: **Financial Update – Year-To-Date Expenditures (September 30, 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 September 30, 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):

SUMMARY	2022	2023	2024	2025	2026
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
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	<u>\$ 74,799,986</u>

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.

SPS and the City of Surrey are working collaboratively with both the Province of BC and the Government of Canada on the policing transition. 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 September 30, 2022, year-to-date net expenditures were \$7.95M favourable compared to budget; SPS incurred net expenditures of \$46.18M compared to \$54.12M budgeted, presented in the following table:

Year-to-Date Expenditures Summary - September 30, 2022 (Budget vs. Actual)

	YTD BUDGET	YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>SPS Operations</i>				
Board Remunerations	135,000	80,719	54,281	180,000
Salaries and Benefits	33,399,238	30,776,658	2,622,580	48,682,320
Lower Mainland Integrated Teams	12,452,652	12,452,652	-	16,603,537
Other Expenditures	6,973,763	1,596,206	5,377,557	8,984,129
Total SPS Operations	\$ 52,960,653	\$ 44,906,235	\$ 8,054,418	\$ 74,449,986
Capital Expenditures**	\$ 3,981,247	\$ 1,269,755	\$ 2,711,492	\$ 4,550,000
TOTAL SPS EXPENDITURES	\$ 56,941,900	\$ 46,175,990	\$ 10,765,910	\$ 78,999,986
Recovery - Federal/RCMP Subsidy	(2,817,400)	-	(2,817,400)	(4,200,000)
NET EXPENDITURES	\$ 54,124,500	\$ 46,175,990	\$ 7,948,510	\$ 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 September 30, 2022, SPS has expended \$33.72M (excluding \$12.45M accrued for contribution to Lower Mainland Integrated Teams), of which \$81K was for board remuneration, \$30.78M for employee salaries and benefits, \$1.27M of capital expenditures, and \$1.60M of other expenditures. (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 September 30, 2022, there were a total of 352 SPS employees (298 sworn members and 54 civilians). Of these employees, 27 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 \$30.78M for 325 employees (288 sworn members and 37 civilians). 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 \$1.60M included: \$327K for supplies and materials; \$574K paid to JIBC for recruits' training; \$146K of telecommunication expenses; \$101K for training; \$330K for outsourced services; \$18K for insurance; \$14K of publications and media expenses; \$18K of memberships and professional dues; \$68K of travel expenses; and \$4K for recruiting activities.

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

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

One-Time Policing Transition Fund Summary - September 30, 2022

	TOTAL FUND AVAILABLE	YTD ACTUAL EXPENSES	REMAINING FUND BALANCE	FORECASTED EXPENDITURES (Prepared May 2022)	PROJECTED FUND CARRY FORWARD
	2022	2022	2022	2022	2023
Project Summary					
One-Time Policing Transition**	\$ 33,524,926	\$ 10,017,063	\$ 23,507,863	\$ 27,167,767	\$ 6,357,159

** 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. Year-to-date expenditures as of September 30, 2022, totalled \$10.02M 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 September 30, 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 \$2.00M (42% of the forecasted amount for 2022).

- Information Technology Systems costs include IT operating systems setup and external consultants for project management; year-to-date expenditures totalled \$1.55M (123% of the forecasted amount for 2022. There are software and hardware licenses expensed to this category while originally budgeted as part of Information Technology Capital below, related to building the data centre and systems deployment).
- Human Resources expenses include personnel in various temporary roles to support establishing SPS, with 11 civilians as of September 30, 2022; year-to-date expenditures totalled \$540K (16% of the forecasted amount for 2022).
- Communications and Marketing expenditures include consultants managing public relations and brand development to support the establishment of SPS; year-to-date expenditures totalled \$157K. (59% 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 \$114K (45% of the forecasted amount for 2022).
- Legal expenditures are specialized services, for matters related to collective bargaining, human resources, trademarks, and other establishment legal costs. Also included in Legal is the cost of in-house counsel seconded from the City. The year-to-date expenditures totalled \$283K (59% of the forecasted amount for 2022).
- Information Technology Capital expenditures are related to building the data centre, dispatch systems, administrative systems, and telecommunication assets; year-to-date expenditures totalled \$3.62M (33% 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 \$1.74M (43% of the forecasted amount for 2022).
- Facilities Capital include retrofit costs for SPS to occupy facilities owned or leased by the City of Surrey; year-to-date expenditures totalled \$27K (30% of the forecasted amount for 2022).

CONCLUSION

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



Elizabeth Model
Chair, Finance Committee

APPENDIX I

Surrey Police Service
Year-to-Date Expenditures - September 30, 2022
(Budget vs. Actual)

	YTD BUDGET	YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Surrey Police Board</i>				
Board Remunerations	135,000	80,719	54,281	180,000
Salaries and Benefits	258,000	238,086	19,914	346,072
Other Expenditures	209,250	36,475	172,775	279,080
Surrey Police Board	\$ 602,250	\$ 355,280	\$ 246,970	\$ 805,152
<i>Office of the Chief Constable</i>				
Salaries and Benefits	1,904,002	1,920,050	(16,048)	2,538,477
Other Expenditures	301,368	152,851	148,517	395,555
Office of the Chief Constable	\$ 2,205,370	\$ 2,072,901	\$ 132,469	\$ 2,934,032
<i>Community Policing Bureau</i>				
Salaries and Benefits	18,348,378	18,279,755	68,623	27,262,420
Lower Mainland Integrated Teams	12,452,652	12,452,652	-	16,603,537
Other Expenditures	1,462,801	164,947	1,297,854	1,913,774
Community Policing Bureau	\$ 32,263,831	\$ 30,897,354	\$ 1,366,477	\$ 45,779,731
<i>Investigative Services Bureau</i>				
Salaries and Benefits	4,185,651	2,446,379	1,739,272	6,310,238
Other Expenditures	512,163	44,690	467,473	680,690
Investigative Services Bureau	\$ 4,697,814	\$ 2,491,069	\$ 2,206,745	\$ 6,990,928
<i>Support Services Bureau</i>				
Salaries and Benefits	8,703,207	7,892,388	810,819	12,225,113
Other Expenditures	4,488,181	1,197,243	3,290,938	5,715,030
Support Services Bureau	\$ 13,191,388	\$ 9,089,631	\$ 4,101,757	\$ 17,940,143
Total Operation Expenditures	\$ 52,960,653	\$ 44,906,235	\$ 8,054,418	\$ 74,449,986
Capital Expenditures**	\$ 3,981,247	\$ 1,269,755	\$ 2,711,492	\$ 4,550,000
TOTAL SPS EXPENDITURES	\$ 56,941,900	\$ 46,175,990	\$ 10,765,910	\$ 78,999,986
Recovery - Federal/RCMP Subsidy	(2,817,400)	-	(2,817,400)	(4,200,000)
NET EXPENDITURES	\$ 54,124,500	\$ 46,175,990	\$ 7,948,510	\$ 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.

APPENDIX II

One-Time Policing Transition Project

Fund Reconciliation - September 30, 2022

EXPENDITURES	FUND CARRIED FORWARD	CURRENT YEAR BUDGET (\$5,400,000)	TOTAL FUND AVAILABLE	YTD ACTUAL EXPENSES	FORECASTED EXPENDITURES (Prepared May 2022)	% of Forecast Spent	PROJECTED FUND CARRY FORWARD
	2021	2022	2022	2022	2022		2023
	(a)	(b)	(a) + (b) = (c)	(d)	(e)		(c) - (e) = (f)
Recruitment, Assessment, and Training	-	-	4,699,182	1,996,157	4,699,182	42%	-
Infrastructure and Fleet Conversion	-	-	460,000	-	460,000	0%	-
Information Technology Systems	-	-	1,254,093	1,546,981	1,254,093	123%	-
Human Resources	-	-	3,447,015	540,185	3,447,015	16%	-
Communications and Marketing	-	-	264,500	156,613	264,500	59%	-
Financial Services	-	-	253,000	113,604	253,000	45%	-
Legal	-	-	478,934	282,773	478,934	59%	-
Strategy and Policy	-	-	57,500	-	57,500	0%	-
SPS TRANSITION - OPERATION SUBTOTAL	\$ -	\$ -	\$ 10,914,224	\$ 4,636,313	\$ 10,914,224	42%	\$ -
Information Technology Capital	-	-	11,063,541	3,618,488	11,063,541	33%	-
Armory, Outfit and Other Equipment Capital	-	-	4,026,643	1,735,643	4,026,643	43%	-
Fleet Capital	-	-	1,073,359	-	1,073,359	0%	-
Facilities Capital	-	-	90,000	26,619	90,000	30%	-
SPS TRANSITION - CAPITAL SUBTOTAL	\$ -	\$ -	\$ 16,253,543	\$ 5,380,750	\$ 16,253,543	33%	\$ -
Unallocated Funds	28,124,926	5,400,000	6,357,159	-	-		6,357,159
SPS TRANSITION- UNALLOCATED BUDGET SUBTOTAL	\$ 28,124,926	\$ 5,400,000	\$ 6,357,159	\$ -	\$ -		\$ 6,357,159
TOTAL BALANCE	\$ 28,124,926	\$ 5,400,000	\$ 33,524,926	\$ 10,017,063	\$ 27,167,767	37%	\$ 6,357,159