



REGULAR

REPORT DATE: March 6, 2024

BOARD MEETING DATE: March 13, 2024

BOARD REPORT # 2024-R005

TO: Surrey Police Board Administrator

FROM: Chief Constable

FILE: 60550-20-03

SUBJECT: Year-End Report: 2023 Expenditures – Preliminary Financial Results

RECOMMENDATION

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

PURPOSE

This report presents a summary of expenditures incurred during the fiscal year that ended December 31, 2023. Please note that the City’s year-end audit is currently underway. The financial information presented below is preliminary and is subject to change during the audit process as SPS’s financial results are consolidated with the City’s.

BACKGROUND

Based on our rate of expenditure up to the end of Q3 (September 30th), along with anticipated costs in Q4, our projection for total 2023 expenditures is presented below:

2023 Surrey Police Service Financial Projection

(as of September 30, 2023)

	Projected as of Sep.
SPS Operations	
Board Remunerations	\$ 93,771
Salaries and Benefits	64,437,473
Other Expenditures	5,145,336
Total SPS Operations	69,676,580
Capital Expenditures	5,760,097
TOTAL SPS EXPENDITURES	75,436,677

DISCUSSION

SPS Operations

For the fiscal year ended December 31, 2023, total expenditures (operating and capital, not including the Police Transition Project expenditures) were \$75.76M (100.4% of projected), presented below:

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

As of December 31, 2023

	2023 PROJECTED	YTD ACTUAL	% Spent	REMAINING AMOUNTS
<i>SPS Operations</i>				
Board Remunerations	93,771	100,381	107.1%	(6,610)
Salaries and Benefits	64,437,473	66,450,561	103.1%	(2,013,088)
Lower Mainland Integrated Teams	-	-	-	-
Other Expenditures	5,145,336	4,234,370	82.3%	910,966
Total SPS Operations	\$ 69,676,580	\$ 70,785,312	101.6%	\$ (1,108,733)
Capital Expenditures	\$ 5,760,097	\$ 4,978,366	86.4%	\$ 781,731
TOTAL SPS EXPENDITURES	\$ 75,436,677	\$ 75,763,678	100.4%	\$ (327,002)

Total expenditures were \$327K (0.4%) higher than projected due to a year-end accrual of payroll costs. \$2.29M in salaries and benefits was accrued from December 23-31, 2023, but not paid out until January 12, 2024. This resulted in salaries and benefits showing an overage of \$2.01M for the year despite the fact that the cash outlay occurred in 2024.

During 2023, SPS spent \$100K on board remunerations, \$66.45M on employee salaries and benefits, \$4.98M on capital expenditures, and \$4.23M on other operating expenditures. (Appendix I provides a breakdown of spending by Bureau.)

At the end of the year, we had 394 active employees (346 sworn members, 37 regular/permanent civilians, and 11 temporary civilians). Of these employees, 21 were assigned to temporary positions in recruiting, security clearance, auxiliary/on-call staff for backfill, and various other roles as part of the policing transition and establishing SPS; their salaries and benefits are allocated to the One-time Policing Transition Project fund.

Other operating expenditures of \$4.23M included \$386K for training courses and seminars; \$546K paid to JIBC for recruit training; \$361K of electronic communications-related expenses; \$306K of travel expenses (majority of which are training related); \$62K of memberships and professional dues; \$102K for lease and rentals (vehicles and shooting range); \$847K for supplies and materials; \$31K for publications and reference materials; \$1.59M for outsourced services.

One-Time Policing Transition Project (City of Surrey budget for SPS-related expenditures)

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

One-Time Policing Transition Fund Summary

As of December 31, 2023

	TOTAL FUND AVAILABLE	YTD ACTUAL EXPENSES	REMAINING FUND BALANCE
	2023	2023	2023
Project Summary			
One-Time Policing Transition**	\$ 24,383,185	\$ 9,077,979	\$ 15,305,206

** Total fund available in 2023 includes \$19.383M carried forward from prior years.

Appendix II presents the details of the policing transition project costs related to establishing SPS based on our last financial forecast (prepared on September 30, 2023). Expenditures for the year ended December 31, 2023, totalled \$9.08M of \$24.38M 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; year-to-date expenditures totalled \$2.81M.
- Human Resources expenses include personnel in various temporary roles (auxiliary staff) and HR consultant(s) to support establishing SPS; year-to-date expenditures totalled \$607K.
- Communications and Marketing expenditures include consultants managing public relations and brand development expenses to support the establishment of SPS; year-to-date expenditures totalled \$204K.
- Financial Services expenses include outsourced financial service consultants and personnel to support setting up SPS's finance and payroll systems and databases; year-to-date expenditures totalled \$29K.
- 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 \$297K.
- 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 \$3.47M.
- Armoury, Outfit, and Other Equipment Capital costs are related to firearms, uniforms, personal issue kits, and other specialty equipment for policing; year-to-date expenditures totalled \$1.22M.
- Fleet Conversion, Capital, and Other Infrastructure expenditures include expenses to convert the incoming fleet of RCMP vehicles, initial SPS vehicles ordered in 2021, and temporary personnel costs allocated by the City to support building SPS's infrastructure; year-to-date expenditures totalled \$430K.

CONCLUSION

In summary, while operating and capital expenditures were \$327K higher than projected, our expenditures from the transition project fund were \$570K lower than projected.



Norm Lipinski, OOM, LLB, MBA
Chief Constable

Appendix I Surrey Police Service Year-to-Date Expenditures – December 31, 2023 (Projected vs. Actual)

Appendix II One-Time Policing Transition Fund as of December 31, 2023

APPENDIX I

Surrey Police Service
Year-to-Date Expenditures - December 31, 2023
(Projected vs. Actual)

	2023 PROJECTED	YTD ACTUAL	% Spent
<i>Surrey Police Board</i>			
Board Remunerations	93,771	100,381	107.1%
Salaries and Benefits	328,238	347,595	105.9%
Other Expenditures	64,367	77,019	119.7%
Surrey Police Board	\$ 486,376	\$ 524,995	107.9%
<i>Office of the Chief Constable</i>			
Salaries and Benefits	2,931,322	2,932,953	100.1%
Other Expenditures	268,995	190,710	70.9%
Office of the Chief Constable	\$ 3,200,317	\$ 3,123,663	97.6%
<i>Community Policing Bureau</i>			
Salaries and Benefits	41,623,974	43,270,774	104.0%
Lower Mainland Integrated Teams	-	-	-
Other Expenditures	436,500	297,884	68.2%
Community Policing Bureau	\$ 42,060,474	\$ 43,568,658	103.6%
<i>Investigative Services Bureau</i>			
Salaries and Benefits	3,544,852	3,728,532	105.2%
Other Expenditures	196,484	49,416	25.2%
Investigative Services Bureau	\$ 3,741,336	\$ 3,777,948	101.0%
<i>Support Services Bureau</i>			
Salaries and Benefits	16,009,087	16,170,707	101.0%
Other Expenditures	4,178,990	3,619,341	86.6%
Support Services Bureau	\$ 20,188,077	\$ 19,790,048	98.0%
Total Operation Expenditures	\$ 69,676,580	\$ 70,785,312	101.6%
Capital Expenditures	\$ 5,760,097	\$ 4,978,366	86.4%
TOTAL SPS EXPENDITURES	\$ 75,436,677	\$ 75,763,678	100.4%

APPENDIX II

One-Time Policing Transition Fund

As of December 31, 2023

(Forecasted September 30, 2023)

	2020 - 2022 Expenditures	DEC YTD Expenditures	2023 Forecast	% Spent	2024 Forecast	2025 Forecast	Total Forecasted Transition Project Cost
Recruitment, Assessment, and Training	\$ 5,834,920	\$ 2,814,674	\$ 2,863,935	98%	\$ 3,252,539	\$ 1,607,975	\$ 13,559,369
Human Resources	1,587,861	606,660	567,811	107%	2,133,682	-	4,289,354
Communications and Marketing	918,518	203,595	184,900	110%	226,100	169,500	1,499,018
Financial Services	701,474	29,345	39,127	75%	295,218	-	1,035,819
Legal	1,067,615	297,165	264,761	112%	309,452	-	1,641,828
Strategy and Policy	782,059	-	-	-	-	-	782,059
Information Technology Systems and Capital	17,854,328	3,471,818	3,649,143	95%	10,967,759	-	32,471,230
Armory, Outfit and Other Equipment Capital	3,561,458	1,224,731	1,857,423	66%	-	-	5,418,881
Fleet Conversion, Capital, and Other Infrastructure	1,474,767	429,991	220,600	195%	753,004	-	2,448,371
Facilities Improvement and Outfitting	517,815	-	-	-	-	-	517,815
Total Expenditures:	\$ 34,300,815	\$ 9,077,979	\$ 9,647,700	94%	\$ 17,937,754	\$ 1,777,475	\$ 63,663,744
Prior Year Fund Carry Forward:	\$ -	\$ 19,383,185	\$ 19,383,185		\$ 14,735,485	\$ 1,797,731	\$ -
Budget Allocation:	53,684,000	5,000,000	5,000,000		5,000,000	-	63,684,000
Accumulated Fund Balance (Carry Forward):	\$ 19,383,185	\$ 15,305,206	\$ 14,735,485		\$ 1,797,731	\$ 20,256	\$ 20,256 *

* \$20,256 overall contingency/unallocated