



REGULAR

REPORT DATE: January 13, 2022

BOARD MEETING DATE: January 19, 2022

BOARD REPORT # 2022-FIN001

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 November 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.

The Finance Committee is committed to providing monthly reports to the Board at the monthly public meetings. In December 2021, the Board did not hold a public board meeting. As such, October 2021 year-to-date expenditures were not presented to the board.

DISCUSSION

SPS Operations

As of November 30th, 2021, year-to-date expenditures are \$24.3M favourable compared to budget. The SPS has incurred a total of \$23.5M of operating expenditures compared to budgeted \$47.8M as presented in the table below:

	2021					
	BUDGET	NOV YTD ACTUAL	VARIANCE	PROJECTED ACTUAL	ANNUAL BUDGET	PROJECTED VARIANCE
<i>Operations Summary</i>						
Salaries and Benefits	30,372,716	8,424,257	21,948,459	12,096,200	39,341,000	27,244,800
Lower Mainland Integrated Teams	14,513,498	14,624,504	- 111,006	15,806,000	15,806,000	-
Other Expenditures	2,932,870	480,817	2,452,053	3,263,800	5,995,000	2,731,200
Surrey Police Service Operations	47,819,084	23,529,578	24,289,506	31,166,000	61,142,000	29,976,000

As of November 30th, 2021, SPS has incurred \$8.9M in total expenditures (excluding the ongoing contribution to Lower Mainland Integrated Teams), of which \$8.4M is for Salaries and Benefits and \$0.5M 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 at the detachments 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, \$14.6M has been spent with \$0.1M unfavourable variance due to timing. On November 30, 2021, there were a total of 155 SPS employees (135 sworn members and 20 civilian staff). Of these employees, 30 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 \$8.4M for 125 employees (108 sworn members and 17 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 \$0.5M comprise of \$273k of supplies and materials primarily by the Support Services Bureau and the Community Policing Bureau, \$42k of communications, \$26k of training, \$23k of relocation costs, \$31k of legal, \$14k memberships and professional dues and \$22k of equipment rental. SPS presents a favourable variance of \$24.3M 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	NOV YTD ACTUAL	AVAILABLE AS OF NOV	2021 FORECAST	EXPECTED CARRYFWD
<i>Transition Project Summary</i>					
One-time Policing Transition Project**	\$ 43,718,207	\$ 13,038,458	\$ 30,679,749	\$ 17,200,836	\$ 26,517,371

** 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 \$13M incurred year-to-date November 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 \$314k with remaining budget available of \$170k.

- Strategy and Policy includes consulting, research, and policy advice. A great deal of groundwork was done in 2020. The year-to-date spend is \$92k with remaining budget available of \$233k.
- Financial Services includes external financial services advisors and accounting advice to support the establishment of SPS. The year-to-date spend is \$349k with remaining budget available of \$215k.
- 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 \$487k with remaining budget available of \$123k.
- Human Resources includes expenditures for consultants and City of Surrey seconded staff directly involved with the HR matters. The year-to-date spend is \$156k with remaining budget available of \$391k.
- Recruitment, Assessment, and Training includes SPS employees hired to support surge recruiting for SPS. As of November 30th, 2021, the recruitment unit includes salaries for 30 SPS employees (27 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 \$2.6M, of which salaries for the recruitment unit are \$2.0M. As of November 30th, 2021, there is \$8.2M 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 \$142k with remaining budget available of \$529k.
- 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 \$408k with remaining budget available of \$4.1M.
- Information Technology Capital includes expenditures for building the data centre, dispatch systems, administrative systems, and telecommunication assets. The year-to-date spend is \$7.6M with remaining budget available of \$8.1M.
- 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 \$598k with remaining budget available of \$7.2M.
- 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 \$236k with remaining budget available of \$364k.

As of November 30th, 2021, SPS has incurred \$13M 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 November 30th, 2021 were within the available budget for 2021.



Elizabeth Model
Chair, Finance Committee

Appendix I Surrey Police Service Operations - Year-to-Date Expenditures – November 30, 2021

Appendix II 5 Year Policing Transition Project - Year-to-Date Budget Reconciliation – November 30, 2021

APPENDIX I

Surrey Police Service - Operations

Year-to-Date Expenditures - November 30th, 2021

	BUDGET	NOV YTD ACTUAL	VARIANCE	ANNUAL BUDGET
<i>Surrey Police Board</i>				
Salaries and Benefits	395,084	285,681	109,403	431,000
Other Expenditures	149,416	30,774	118,642	163,000
Surrey Police Board	544,500	316,456	228,044	594,000
<i>Office of the Chief Constable</i>				
Salaries and Benefits	2,212,832	1,172,461	1,040,371	2,414,000
Other Expenditures	178,746	38,216	140,530	195,000
Office of the Chief Constable	2,391,578	1,210,677	1,180,901	2,609,000
<i>Community Policing Bureau</i>				
Salaries and Benefits	14,923,690	3,483,446	11,440,244	20,354,000
Lower Mainland Integrated Teams	14,513,498	14,624,504	- 111,006	15,806,000
Other Expenditures	1,632,970	120,888	1,512,082	2,045,000
Community Policing Bureau	31,070,158	18,228,838	12,841,320	38,205,000
<i>Investigative Services Bureau</i>				
Salaries and Benefits	7,520,772	1,166,179	6,354,593	10,338,000
Other Expenditures	680,183	6,215	673,968	937,000
Investigative Services Bureau	8,200,955	1,172,394	7,028,561	11,275,000
<i>Support Services Bureau</i>				
Salaries and Benefits	5,320,338	2,316,488	3,003,850	5,804,000
Other Expenditures	291,555	284,725	6,830	2,655,000
Support Services Bureau	5,611,893	2,601,213	3,010,680	8,459,000
Surrey Police Service Operations	47,819,084	23,529,578	24,289,506	61,142,000

APPENDIX II

One-time Policing Transition Project Year-to-Date Budget Reconciliation - November 30th, 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	314,141	383,000	101,723
Strategy and Policy	244,853	80,000	324,853	92,150	100,000	224,853
Financial Services	544,350	19,400	563,750	348,922	444,100	119,650
Communications and Marketing	333,148	277,700	610,848	487,419	610,848	-
Human Resources	475,000	71,900	546,900	155,956	246,900	300,000
Recruitment, Assessment, and Training	7,082,876	3,692,132	10,775,008	2,609,170	3,191,200	7,583,808
Infrastructure Operating	350,050	320,650	670,700	141,863	193,025	477,675
Information Technology Operating	271,400	4,278,445	4,549,845	408,321	1,000,000	3,549,845
SPS TRANSITION - OPERATION SUBTOTAL	9,665,600	8,861,027	18,526,627	4,557,942	6,169,073	12,357,554
Information Technology Capital	4,354,563	11,296,150	15,650,713	7,575,630	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	598,384	1,661,723	6,162,104
Facilities Capital	222,829	377,211	600,040	236,406	600,040	-
SPS TRANSITION - CAPITAL SUBTOTAL	10,968,607	14,222,973	25,191,580	8,480,516	11,031,763	14,159,817
TOTAL BUDGET BALANCE	20,634,207	23,084,000	43,718,207	13,038,458	17,200,836	26,517,371