



REPORT TO THE POLICE SERVICES BOARD

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Date of Report: 5/17/2022

Type of Report: Public

Title: Strategic and Financial Planning – 1st Semi-Annual Report 2022

RECOMMENDATION

THAT the Board find that all provisions of the Strategic and Financial Planning have been complied with.

BROADEST POLICY PROVISION:

The Chief of Police shall not fail to produce an annual operational plan, derived from a multi-year plan that identifies strategies and actions for the accomplishment of the Board's stated Ends policies.

Financial planning for any fiscal year, or the remaining part of the year, will not deviate materially from Board's Ends policies and business plan, risk fiscal jeopardy, or fail to be derived from a multi-year financial plan.

Interpretation of the Chief of Police:

The 2020 multi-year Strategic Plan has been approved by the Board and published. The Strategic Plan is reported upon semi-annually under the Board's Strategic Plan update policy in March and September.

The Board's Ends policies drive the multi-year Strategic Plan from which the annual budget and the 10-year capital forecast are derived. Together, these activities satisfy the requirements under the Police Services Act.

Annual financial planning is done with the input and participation of all operational levels, in order to meet Strategic Plan objectives and Board Ends, in accordance with specific Board policy. Business plans and annual budgets are subject to realistic revenue and cost projections in both the near and long term.

Data in Support:

The supporting data is comprised of the multi-year strategic plan, 5-year operating/10-year capital forecast, and the annual budget and business plan.

The 2020 multi-year Strategic Plan has been published.

The Service will submit its 5-year operating/10-year capital plan to the Region in June, followed by the detailed 2023 budget and business plan in August.

The Service will present the 2023 budget and business plan to the Board's Finance Committee in July, followed by a full report to the Board in September.

The Regional Budget Guideline for 2023 will be presented to the Regional Council in late 2022. Final budget approval by Regional Council is expected in March 2023.

Therefore, I report compliance with this provision.

Further, without limiting the generality of the foregoing by the enumeration, the Chief of police will not allow budgeting that:

Policy Provision #1

Establishes conditions and activities that will be unnecessarily difficult to maintain.

Interpretation of the Chief of Police:

The policy prohibits me from undertaking or approving operating or financial activities, which would place the integrity of the service or Police Services Board in jeopardy. I will ensure any new operational or financial activities begun are within the financial limitations as set out within the approved budget for the upcoming year and are in furtherance of Board Ends and Limitations policies.

Data Support:

Funding for current programs and activities, which are required to maintain existing Board End compliance and service levels, typically require an annual base budget increase of about three percent. However, due to the current economic climate, with 2022 inflation rates in the five to six percent range¹, additional base budget pressure is anticipated in 2023.

In April, the Board's Finance Committee received a presentation with an overview of the 2022 budget and information about specific areas that will impact the 2023 budget, including the annualization of 40 new positions. The presentation provided information about the 2023 budget outlook, specifically focused on the following key themes:

- Community Safety
- Community Engagement, Sustainability
- Infrastructure – 10-year capital plan
- Board Priorities

¹ Gordon, Julie & Smith, Fergal (2022, March 17). *Canadian inflation seen peaking at or above 6%; more rate hikes in the cards*. Reuters. <https://www.reuters.com/world/americas/canadian-inflation-seen-peaking-or-above-6-more-rate-hikes-cards-2022-03-17/>

An update was provided about work being done that is focused on the longer-term needs and requirements for the Service. The first project is a comprehensive review of the Service's capital building and spatial needs, including consideration for funding mechanisms available to support these plan. The second project is a review of the staffing requirements for the Service, and the development of budget models to support planned growth.

No activities have been undertaken or approved which would result in a higher level of ongoing cost increases, other than that described above.

Therefore, I report compliance with this provision.

Policy Provision #2

Omits credible projection of expenses, separation of capital and operational items, and disclosure of planning assumptions.

Interpretation of the Chief of Police:

I must ensure that the Service diligently plans and clearly reports on expected future revenues and expenses in a format which meets the requirements of the Board and the Region of Durham.

Data Support:

The 2022 Annual Business Plan Budget which included the 10 Year Facilities Capital Forecast document and the reports recommending approval of the budget, submitted to the Board in the fall of 2021 meet these requirements.

The key planning assumptions included:

- The number of authorized staff;
- The contractual wage increases negotiated by the Board;
- Prior years expense experience presented in the budget reports and in the quarterly financial monitoring reports, showing which expenses exceeded the approved budget allocation and which expenses items were less than the budget allocation;
- Region of Durham provided estimates for employee benefit costs, which is a contract the Region administers on behalf of the Board;
- Region provided estimates for vehicle fuel prices, electricity prices, heating gas prices;
- Region provided estimates for the expenses of the space occupied by the Board at RHQ;
- Board approved fees and
- Provincial Grants discussed in the budget and reported on quarterly.

Therefore, I report compliance with this provision.

Policy Provision # 3

Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Interpretation of the Chief of Police:

The DRPS will ensure that funds identified in the Board's annual governance budget are provided.

Data Support:

The 2022 Annual Business Plan Budget includes the Board's governance budget of \$0.612 million.

Therefore, I report compliance with this provision.

Policy Provision # 4

Provides for projection of revenues that exceed the Board's revenue projection.

Interpretation of the Chief of Police:

The DRPS budget will be based upon realistic projections of revenue from Municipal, Provincial and Federal funding sources and user fees, as provided for by Board approved by-laws.

Data Support:

The Board approved the 2022 Annual Business Plan Budget, which totals \$233.3 million and is in compliance with the Region of Durham approval.

Therefore, I report compliance with this provision.

Based on the above proof provided, I report overall compliance with the policy.

Report Approval Details

Document Title:	Strategic and Financial Planning.docx
Attachments:	
Final Approval Date:	May 2, 2022

This report and all of its attachments were approved and signed as outlined below:

Stan MacLellan



Todd Rollauer