



# NIAGARA REGIONAL POLICE SERVICE

## Police Service Board Report

**PUBLIC AGENDA**

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**Subject:** 2025 Indirect Allocation Budget – Regional Corporate Charges and Debt Costs

**Report To:** Chair and Members, Niagara Police Service Board

**Report Date:** 2024-12-24

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### **Recommendation(s)**

**That the Niagara Police Service Board (Board) receive this report for information.**

### **Key Facts**

- The purpose of this report is to provide the Board with details of the indirect allocation and debt costs allocated to the Service's 2025 budget.
- The Board does not approve indirect allocation and debt costs as part of the Service's budget as they are allocated in accordance with Niagara Region (Region) Policy C-F-004 Cost Allocation.
- Indirect allocations are included in police costs in the Financial Information Return (FIR), which is used as the basis for comparison against other municipal police services and the calculation of the policing cost per capita.
- The report aims to provide the Board with an awareness of the Service's total budget, as well as to highlight the shared services with the Region, which provide economies of scale leading to efficiencies and cost savings for the overall levy budget.
- The 2025 indirect allocation and debt costs allocated to the Service total \$18,267,382.00 that represents a 9.0% decrease over the 2024 budget.

### **Financial Considerations**

There are no financial implications relating to the recommendations contained within this report.

### **Analysis**

As part of the budget approval process the Board is responsible for approval of the operating budget before indirect allocations. Indirect allocations are Region costs that are allocated to all departments including Agencies, Boards and Commissions (ABCs) in accordance with Policy C-F-004 Cost Allocation. The purpose of the policy is to clarify the various types of costs to which the policy relates; establish the fundamental principles of cost allocation; identify the various indirect costs; and establish the basis

(i.e., driver) on which the indirect costs will be allocated. The policy intends to allocate budget and actual costs to programs/services or cost centres in a representative, reasonable, and consistent manner. It does not attempt to determine the value obtained for the services provided.

The Region provides the province with the FIR at the end of each fiscal year. The FIR provides a standardized reporting of a municipality's financial activities in the previous fiscal year. The data included in the FIR report includes indirect allocations and as it is a standardized report is often used as the basis for comparison between municipalities including municipal police services. As the Board does not approve indirect allocations, staff are providing this report to provide an awareness of the total budget and cost of policing in the Region.

Additionally, this report highlights the many shared services with the Region. Shared services are used to create efficiencies and cost savings through economies of scale. In the 2025 budget, the Service is being allocated the following services:

#### Shared Services:

- Accounting services including accounts receivable, accounts payable, and financial reporting, as well as payroll processing, procurement, and asset management;
- Insurance and legal services;
- Information technology; and
- Building costs and property management.

#### Debt and Capital (Principal) Repayments:

Debt charges including interest and principal repayments on the Service's buildings and equipment, as well as capital funding for equipment provided through the Region's capital levy. As Board approvals of capital projects and facilities plans do impact the debt charges allocated to the Service, it is important that the Board is aware of the costs allocated because of these decisions.

The 2025 indirect allocation and debt costs allocated to the Service total \$18,267,382.00 that represents a 9.0% decrease over the 2024 budget. The costs are divided as follows:

- Shared Services - The budget allocated for shared services is \$8,109,315.00 that represents a 2.7% increase over prior year. The main drivers of this increase are building costs including maintenance, procurement services, offset partially by a decrease in self-insurance claims.
- The budget allocated for debt including issuance costs, principal and interest costs, and a placeholder for unissued debt, is \$8,799,119.00 that represents a 3.7% decrease over the prior year; and
- The budget allocated for capital funding is \$1,358,949 that includes funding for 2 2025 capital projects funded through the Region's capital levy, as well as funding for regional facilities capital projects, which directly benefit the Service.

A detailed listing of the indirect allocations is included in Appendix 1.

In summary, this report provides the Board with a detail of the costs associated with shared services, as well as debt and capital costs for the 2025 budget year. Although the Board does not have direct approval authority over this budget, nevertheless decisions made by the Board and Service have a direct impact on this cost allocation. Further, the Board should be aware of these indirect allocation costs that are included when police costs are publicly reported.

### **Alternatives Reviewed**

Not applicable.

### **Relationship to Police Service/Board Strategic Priorities**

This recommendation furthers the Board's and Service's responsibilities for the efficient management of resources and the police budget.

### **Relevant Policy Considerations**

By-Law 412-2024 – Financial Reporting, Control, and Procurement of Goods and Services in the Niagara Regional Police Service  
C-F-004 – Niagara Region Cost Allocation

### **Other Pertinent Reports**

8.2 - 2024.12.19 – Regional Council Approval of Budget Review Committee Recommendation – 2025 NRPS-PSB Proposed Operating Budget  
8.3 - 2024.12.19 – RMON – Motion and Recommendation – 2025 NRPS-PSB Proposed Operating Budget

*This report was prepared by Courtney Woods, Manager, Acting Director, Finance and Asset Management, and recommended by Luigi Greco, Deputy Chief, Support Services.*



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### **Submitted by:**

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Chief of Police

### **Appendices**

Appendix 1 2025 Indirect Allocations Budget and Cost Drivers

Appendix 1 – Niagara Regional Police Service 2025 Indirect Allocations Budget

Shared Service Costs:

Service Provider	Function	Cost Driver	2024 Budget	2025 Budget	Variance \$	Variance %
Finance	AP/AR Services	Number of AP/AR transactions	\$ 91,146	\$ 101,322	\$ 10,176	11.2%
Finance	Reporting and Administration	Operating and Capital expense budgets	112,458	132,655	20,197	18.0
Human Resources	Payroll Services including Payroll Systems	Number of pay cheques/pay deposits processed	499,132	565,000	65,867	13.2
Information Technology	Network Infrastructure Delivery and Support	Count of NRPS Staff with Region network accounts and hardware	32,133	41,972	9,839	30.6
Legal Services	Legal Services	Time spent by legal personnel	460,945	567,649	106,704	23.2
Legal Services	Insurance	Percentage of total insurance premiums	574,703	498,523	(76,180)	(13.3)
Legal Services	Self-Insurance	Twenty year average claims dollars	1,314,009	875,543	(438,466)	(33.4)
Properties Management	Building Costs including Maintenance	Direct building costs including utilities and on site staffing	3,868,756	4,107,508	238,752	6.2
Properties Management	Facilities Management	Square footage of all buildings managed by facilities	471,858	520,140	48,283	10.2
Properties Management	Energy Management	Energy costs incurred	399	11,395	10,996	2,752.8
Properties Management	Real Estate Services	Time spent by realty personnel	6,091	6,392	300	4.9
Properties Management	Administrative Services	Square footage of all buildings managed by facilities	265,557	276,085	10,528	4.0
Print Services	In House Printing Services	Printing impressions	825	157	(669)	(81.0)
Procurement	Purchasing Services	Number of procurement documents processed	145,819	337,353	191,534	131.4
Asset Management	Central Asset Management Unit	Accumulated depreciation	54,999	67,621	12,622	23.0
Subtotal Shared Services			\$ 7,898,830	\$ 8,109,315	\$ 210,485	2.7 %

Debt and Capital Costs:

Service Provider	Function	Cost Driver	2024 Budget	2025 Budget	Variance \$	Variance %
General Government	Debt Issuance Costs	Percentage of debt issuance costs	10,136	10,136	-	-
General Government	Principal and Interest Costs for Issued Debt	Based on actual issued debt	7,681,023	7,512,990	(168,033)	(2.2)
General Government	Portion of IT project Debt	Percentage of IT debt	145	177	32	21.7
General Government	Placeholder for Unissued Debt	Based on approved but unissued debt assumptions	1,449,587	1,275,816	(173,771)	(12.0)
Subtotal – Debt			\$ 9,140,891	\$ 8,799,119	\$ (341,772)	(3.7) %
General Government	Capital Funding for NRPS Projects	Percentage of Region reserve funded projects	1,931,849	1,197,618	(734,231)	(38.0)
General Government	Capital Funding for Support Function Projects	Percentage of Region support projects capital reserve funding	1,110,675	161,331	(949,344)	(85.5)
Subtotal – Capital			\$3,042,524	\$ 1,358,949	\$ 1,683,575	(55.3%)
Total Indirect Allocations			\$ 20,082,245	\$ 18,267,382	\$ (1,814,863)	(9.0%)