

Analyst Briefing Notes

Budget Advisory Committee (January 13, 2006)

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PART I: 2006 Operating Budget Overview

Table 1: 2006 Proposed Budget

	2005		2006 Proposed Operating Budget			Change 2006 Proposed from 2005 Budget		FY Incremental Outlook	
	2005 Approved Budget	2005 Proj Act.	2006 Proposed Base	2006 New Council Priorities	2006 Proposed Op. Bud.	\$	%	2007	2008
(In \$000s)	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	1,296.7	1,376.7	1,743.5	110.0	1,853.5	556.8	42.9	(30.3)	0.0
REVENUES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET EXP.	1,296.7	1,376.7	1,743.5	110.0	1,853.5	556.8	42.9	(30.3)	0.0
Approved Positions	8.0	8.0	8.0	0.0	8.0	0.0	0.0	0.0	0.0
NET TARGET			1,322.6						
\$ Over / (Under) Program Target			420.9						

Executive Summary

- The 2005 year-end projection of \$1.377 million net for the Toronto Police Services Board is \$0.080 million or approximately 6.2% higher than the 2005 Approved Budget of \$1.297 million. The unfavourable variance is mainly due to the unanticipated costs incurred for the recruitments of the Deputy Chiefs and Chief Administration Officer.
- The 2006 Proposed Operating Budget for the Toronto Police Services Board of \$1.854 million net is comprised of \$1.744 million for Base funding and \$0.110 million for New Service Requests, and is \$0.557 million or 42.9% over the 2005 Approved Budget. The 2007 net incremental impacts of (\$0.030 million) reflect the reversal of one-time funding for professional facilitation services for the development of a Board approved strategic plan (\$0.015 million) and new furnishing (\$0.015 million). There is no change in the number of Approved Positions.
- The 2006 Proposed Base Budget of \$1.744 million net is \$0.421 million or 31.8% over the 2% target of \$1.323 million. The increase is primarily attributable to the inter-divisional charges from City Legal for the services provided to the Toronto Police Services Board (\$0.400 million). In 2005, funding for these inter-divisional charges (\$0.163 million) was included in the Toronto Police Service’s 2005 Approved Budget. Based on the review by the Toronto Police Service staff, it was revealed that majority of the legal services provided were Board related matters. As a result, the Base funding of \$0.163 million is reduced to \$0 in the Toronto Police Service’s 2006 Budget, and the 2006 required funding of \$0.400 million is included in the Board’s budget. The net increase of \$0.237 million is based on 2005 experience.

- The 2006 Proposed New Service Budget of \$0.110 million gross and net is for “Funding for Success” initiative. This initiative requires a 3-year commitment from the Board to enter into a partnership, known as “Funding for Success”, with several other GTA police services boards. The objective is to develop concrete measures to allow boards to respond strategically and tactically to the increase of costs in the police sector through measures such as collective bargaining strategies, pooling of resources to more efficiently deliver services, and introducing or mitigating the impact of new legislation at both the provincial and federal level.
 - The funding requirement of \$0.110 million in 2006 is an estimate at this time. It is therefore recommended that the Chair of the Board report to the Budget Advisory Committee in January to confirm the 2006 funding requirement and on the 2007 and 2008 net impacts resulting from the approval of “Funding for Success” initiative.

- The 2006 key cost drivers include:
 - the inter-divisional charges from City Legal for the services provided to the Police Services Board (\$0.400 million);
 - cost of living adjustments and inflationary pressures on non-salary expenditure (\$0.027 million);
 - one-time funding for professional facilitation services for the development of a Board approved strategic plan (\$0.015 million);
 - one-time funding for additional storage shelving for Board records (\$0.015 million); and
 - a reduction in advertising and promotion expenses (\$0.020 million).

Recommendations

It is recommended that:

1. the Toronto Police Services Board’s 2006 Proposed Operating Budget of \$1.854 million gross and \$1.854 million net for the following service, be approved.

<u>Service:</u>	<u>Gross</u> <u>(\$000's)</u>	<u>Net</u> <u>(\$000's)</u>
Toronto Police Services Board	1,853.5	1,853.5
 	<hr/>	<hr/>
Total Program Budget	<u>1,853.5</u>	<u>1,853.5</u>

2. the Chair of the Toronto Police Services Board report to the Budget Advisory Committee in January of 2006, to confirm funding requirement in 2006 and on the net financial impacts in 2007 and 2008 with respect to the new “Funding for Success” initiative.

PART II: BASE BUDGET

Section A: 2005 Budget Variance Analysis

Table 2: 2005 Budget Variance Review

	2004 Actuals	2005 Approved Budget	2005 Projected Actuals*	2005 Approved vs Projected Actuals Variance Over / (Under)	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	1,265.1	1,296.7	1,376.7	(80.0)	(6.2)
REVENUES	0.0	0.0	0.0	0.0	0.0
NET EXP.	1,265.1	1,296.7	1,376.7	(80.0)	(6.2)
Approved Positions	8.0	8.0	8.0	0.0	0.0

*Projected actual expenditures to year-end are based on the Revised 3rd Quarter Variance Report, to include cost of living adjustments.

2005 Experience

The 2005 year end projection of \$1.377 million net for the Toronto Police Services Board is \$0.080 million or approximately 6.2% higher than the 2005 Approved Budget of \$1.297 million. The projected unfavourable variance is primarily due to the unanticipated costs incurred for the recruitments of the Deputy Chiefs and Chief Administration Officer.

Impact of 2005 Operating Variance on 2006 Proposed Budget

The 2005 Operating Variance will have no impact on the 2006 Proposed Budget. The additional costs were one-time expenses in 2005 for the recruitments of the Deputy Chiefs and Chief Administration Officer.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

(In \$000s)	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change 2006 Proposed Base v. 2005 Approved Budget		FY Incremental Outlook	
						2007	2008
	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	1,296.7	1,743.5	1,743.5	446.8	34.5	(30.3)	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET EXP.	1,296.7	1,743.5	1,743.5	446.8	34.5	(30.3)	0.0
Approved Positions	8.0	8.0	8.0	0.0	0.0	0.0	0.0
NET TARGET		1,322.6					
\$ Over / (Under) Program Target		420.9					
% Over / (Under) Program Target		31.8%					

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$1.744 million net is \$0.447 million or 34.5% over the 2005 Approved Operating Budget of \$1.297 million.
- The 2006 Proposed Base Budget for the Toronto Police Services Board is \$0.421 million or 31.8% over the 2% target, mainly due to the increase of \$0.400 million in Base funding for the inter-divisional charges from City Legal for services provided to the Toronto Police Services Board; cost of living adjustments and inflationary increases on non-salary expenditures totaling \$0.027 million.
 - In 2005, funding in the amount of \$0.163 million for the inter-divisional charges from City Legal was included in the Toronto Police Service's Operating Budget. Based on the review by the Toronto Police Service staff, it was revealed that most if not all of the legal services provided were Board related matters. Therefore, it was determined that funding for the inter-divisional charges are to be included in the Board's operating budget. Therefore, the Base funding of \$0.163 million in the Toronto Police Service's operating budget is reduced to \$0 in 2006.
 - Funding of \$0.400 million included in the 2006 Proposed Base Budget is based on the 2005 experience.

- The 2007 net impacts of (\$0.030 million) reflect the reversal of one-time funding for professional facilitation services for the development of a Board approved strategic plan (\$0.015 million) and new furnishing (\$0.015 million).

2006 Key Cost Drivers

The 2006 key cost drivers include the following:

- Increase in the inter-divisional charges from City Legal for services provided to the Toronto Police Services Board (\$0.400 million). City Legal provides day to day legal advice to the Board, including policy development, contract management and may represent the Board in civil actions, human rights complaints, at Corner's inquests and at various inquiries.
- Cost of living adjustments and inflationary increases totaling \$0.027 million.
- One-time increase to the professional services budget in facilitating the development of a Board approved strategic plan (\$0.015 million) and funding for the replacement and purchase of new furniture (\$0.015 million).

**Table 4: Summary of Proposed Base Budget Changes
From 2005 Approved Budget**

	Summary of 2006 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2007	2008
(\$000's)		\$	\$	\$	\$	\$
2005 Approved Operating Budget	8.0	1,278.1	0.0	1,278.1	0.0	0.0
In-year approvals and technical adjustments		18.6		18.6		
2005 Approved Operating Budget	8.0	1,296.7	0.0	1,296.7	0.0	0.0
Annualizations		(0.5)		(0.5)		
Economic factors		26.9		26.9		
Adjusted Base Budget	8.0	1,323.1	0.0	1,323.1	0.0	0.0
Other base changes		420.4		420.4	(30.3)	
Base revenue changes						
2006 Base Budget Request	8.0	1,743.5	0.0	1,743.5	(30.3)	0.0
Recommended Base Adjustments:						
Other base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Proposed Base Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
2006 Proposed Base Budget	8.0	1,743.5	0.0	1,743.5	(30.3)	0.0
2006 Program Operating Target	N/A	N/A	N/A	1,322.6		
% Over (Under) Program Target	N/A	N/A	N/A	31.8%		
% Over (Under) 2005 Approved Budget	0.0	34.5%	0.0	34.5%		

Section C: 2006 Base Budget Issues**Key Issues / Recommendations*****Inter-divisional Charges - City Legal Services***

City Legal Services provides day to day legal advice to the Board, including policy development, contract management and may represent the Board in civil actions, human rights complaints, at Coroner's inquests and at various inquiries.

In 2005, funding in the amount of \$0.163 million was included in the Toronto Police Service's Budget for the inter-divisional charges from City Legal. No funding was included in the 2005 Budget for the Toronto Police Services Board. Based on the review by the Toronto Police Service staff, it was revealed that majority of the services provided were Board related matters. Therefore, it was determined that funding are to be provided in the Toronto Police Services Board's operating budget. As a result, the Base funding of \$0.163 million in the Toronto Police Service's Budget is reduced to \$0 in 2006, and the required funding \$0.400 million is included in the Board's budget, resulting in net pressure of \$0.237 million in 2006.

Professional Facilitation Services

Over the next 18 months, the Toronto Police Services Board, in partnership with the Chief of Police, will be developing a strategic plan to identify best practices in service delivery, efficiencies, and budgetary savings that can be applied in 2007 and beyond. The Board will also establish a Strategic Planning Sub-Committee, comprised of the Chair, the Police Chief and at least one other Board member to develop the terms of reference for the strategic plan and to act as a "steering committee" throughout the strategic planning process.

Funding of \$0.015 million is required in 2006 to provide assistance in the development of a Board approved strategic plan and for the costs of Board governance retreat. Given the need for a strategic plan, the 2006 Proposed Base Budget includes a one-time increase of \$0.015 million in the professional services budget.

Issues Referred to 2006 Operating Budget Process

There are no issues referred to the 2006 Operating Budget Process.

Outstanding Issues from 2005 and Prior Years

There are no outstanding issues from 2005 and Prior Years.

PART III: NEW COUNCIL PRIORITIES

Section D: 2006 Proposed New Council Priorities

Table 5: Summary of 2006 Proposed New Council Priorities (\$000)

Council Priority	Description	Total 2006 New Requests		2006 Not Proposed		2006 Proposed Council Priorities		Proposed New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.	Gross Exp.	Net Exp.	Gross Exp.	Net Exp.		2007	2008
		\$	\$	\$	\$	\$	\$	#	\$	\$
	Council Priorities: None									
	Sub-Total Council Priorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	New Requests Referred to 2006 Operating Budget: None									
	Sub-Total Referred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	New Program Requests:									
1	"Funding for Success" Initiative	110.0	110.0			110.0	110.0			
	Sub-Total New Program Requests	110.0	110.0	0.0	0.0	110.0	110.0	0.0	0.0	0.0
Total New Council Priorities		110.0	110.0	0.0	0.0	110.0	110.0	0.0	0.0	0.0
Council Priority		6 - Ensure housing is affordable 7 - Get the powers and funding needed for Toronto to succeed 8 - Improve the planning process 9 - Increase public involvement in civic affairs 10 - N/A								
1 - Improve Public Service										
2 - Make Progress on the Waterfront										
3 - Improve Business Climate										
4 - Make Toronto a clean and beautiful city										
5 - Strengthen our at-risk neighbourhoods										

Key Issues / Recommendations*2006 New Council Priorities*

The 2006 Proposed Budget includes a new Program request, “Funding for Success” initiative.

On September 6, 2005, the Toronto Police Services Board approved entering into a partnership, known as “Funding for Success”, with several other Greater Toronto Area police services boards. The proposal requires a 3-year commitment of funds from each participating police board to contribute to a pool of funds intended to advance the ability of the Boards to deliver police service in as cost-effective a manner as possible.

The objective of the proposal is to develop concrete measures to allow Boards to respond strategically and tactically to the increase of costs in the police sector through measures such as collective bargaining strategies, pooling of resources to more efficiently deliver services, and introducing or mitigating the impact of new legislation at both the provincial and federal levels. It is recommended, therefore, that this new request be approved.

It is noted that the funding requirement of \$0.110 million included in the 2006 Proposed Budget is an estimate at this time. It is therefore recommended that the Chair of the Board report to the Budget Advisory Committee in January to confirm the 2006 funding requirement and on the 2007 and 2008 net impacts resulting from the approval of “Funding for Success” initiative.

Appendix B

Summary of Council Priority Services and New Service Requests