

# 2021 Budget Notes

## Toronto Police Services Board

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### Description

The Toronto Police Services Board is the seven member civilian governing body that oversees the Toronto Police Service. The Board is dedicated to ensuring that police services are delivered in partnership with our communities, to keep Toronto the best and safest place to be. Ontario's *Police Services Act* requires the Board to: generally determine the objectives and priorities for police services in the municipality; set policies for the effective management of the police force; recruit and appoint the Chief of Police and Deputy Chiefs of Police; direct the Chief of Police and monitor their performance; and, determine the budget for the police force.

### Why We Do It

The Board is responsible for ensuring the provision of adequate and effective police services in Toronto. As the employer of the Toronto Police Service, the Board is responsible for negotiating all labour contracts, the hiring and termination of all members, and reviewing the disciplinary processes. We work closely with the Chief of Police to set the strategic vision for the Service, and provide oversight through policies and other legally binding direction. The Board also creates a forum for members of the public to engage and provide their perspectives and input concerning today's policing issues.

*The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.*

### What Services We Provide

#### **Governance & Oversight**

**Who We Serve:** Residents of Toronto, the Toronto Police Service, Ministry of the Solicitor General and Ministry of the Attorney General

**What We Deliver:** Modern and robust governance, oversight and accountability measures, which are responsive to community and Service demands, within a challenging fiscal climate.

#### **Policy Development**

**Who We Serve:** Residents of Toronto, the Toronto Police Service, Ministry of the Solicitor General and Ministry of the Attorney General

**What We Deliver:** Expert analysis and advice from professional Board Office Staff to develop 'best in class' and evidence-based policing and community safety policy on matters of public interest.

#### **Public Engagement & Consultation**

**Who We Serve:** Residents of Toronto, the Toronto Police Service, Ministry of the Solicitor General and Ministry of the Attorney General

**What We Deliver:** Modern methods and approaches to effectively engage the public and a variety of community organizations into the policy development and police governance process.

**How Much Resources (gross operating budget):** \$3.3 Million

## Budget at a Glance\*

2021 OPERATING BUDGET			
\$Million	2021	2022	2023
Revenues	\$1.4	\$0.5	\$0.5
Gross Expenditures	\$3.3	\$2.5	\$2.5
Net Expenditures	\$1.9	\$2.0	\$2.0
Approved Positions	7.5	7.5	7.5

Toronto Police Board does not have a 10-Year Capital Budget and Plan

\*This document reflects the 2021 Operating Budget as recommended by the City's Manager and Chief Financial Officer and Treasurer, and approved by the Toronto Police Services Board.

## COVID-19 IMPACT AND RECOVERY

2020 Impact	2021 Impact and Recovery
<p><b>Financial Impact (Operating)</b></p> <ul style="list-style-type: none"> <li>The Board has viewed the current pandemic as an opportunity to examine how we do our business. We have absorbed costs associated with the changes needed to facilitate staff working remotely and to mitigate disruptions to our service delivery.</li> <li>All costs associated with pandemic-related impacts (e.g. technology to facilitate remote working) have been absorbed within the 2020 Operating Budget.</li> </ul>	<p><b>Financial Impact (Operating)</b></p> <ul style="list-style-type: none"> <li>On-going costs are expected to be minimal and are expected to be absorbed within the 2021 budget.</li> </ul>
<p><b>Service Level Changes</b></p> <ul style="list-style-type: none"> <li>The Board and Board Office's service delivery has remained high and responsive throughout the pandemic. We have continued to hold monthly Board meetings, respond to the current social climate through virtual town halls, and have held virtual public consultations on matters of public interest, such as the development of a governance framework to guide the use of new body-worn camera technology. The Board Office's transition to new technology to hold virtual meetings was a 'first' among city entities, and has been replicated by other police boards across Ontario. Board Office Staff have continued to support the Board's two advisory panels (Anti-Racism Advisory Panel and the Mental Health and Addictions Advisory Panel), engaging the community on a variety of community safety and governance matters, and have also lent their expertise to various government tables on legislative, programmatic, and policy matters impacting policing and community safety.</li> </ul>	<p><b>Service Level Changes</b></p> <ul style="list-style-type: none"> <li>The Board and Board Office expects to maintain the same high level of service delivery and responsiveness for the duration of the pandemic and beyond.</li> </ul>

## EXPERIENCES, CHALLENGES AND PRIORITIES

### Our Experience and Success

- Adherence to pandemic guidelines while being innovative in hosting publicly-accessible virtual Board meetings since the beginning of the restrictions on public gatherings
- Created a platform for citizens to openly express their views on policing matters, through four virtual public town halls in the July 2020 (a model that was replicated in other jurisdictions)
- The approval of 81 recommendations that establish a roadmap for comprehensive policing reform in Toronto, and include building new community safety response models, various initiatives to address systemic racism and concrete steps to improve trust with our communities
- Increased budget transparency and public engagement, including the posting of a 2020 enhanced line-by-line budget, which can be found at: <https://www.torontopolice.on.ca/budget/>
- An expansion of the Service's Mobile Crisis Intervention Program from within the existing police budget to ensure specially-trained teams of police officers and mental health nurses are available throughout the City and during as many hours of the day as possible
- Working closely with the City as it develops an Alternative Community Safety Response Model, including mobile mental health and addictions crisis intervention
- Confirmed permanency of and expanded mandates for the Board's two advisory panels, the Board's Anti-Racism Advisory Panel (ARAP) and the Mental Health and Addictions Advisory Panel (MHAAP), and a recruitment initiative for new members of ARAP (which is currently underway)
- The approval of a new, comprehensive Board Policy on Body-Worn Cameras, the first of its kind in Canada, which creates an important governance framework for the use of this technology
- Ongoing work on the Chief of Police selection process, including incorporating robust community consultation and engagement as part of this process
- Work on a new Memorandum of Understanding, and accompanying work plan, to engage the Auditor General to perform independent audits of the Service to improve service delivery
- Continued governance and oversight for the implementation of *The Way Forward* and all related projects
- Continuation of the Board's two innovative partnerships: Collective Impact and the implementation of a Memorandum of Understanding with Midaynta Community Services (Mending a Crack in the Sky)

### Key Challenges and Risks

- The upcoming challenges for the Board will be finding new, innovative and cost-effective ways to leverage technology in order to remain accessible and engaged with the public during a continued pandemic. There are many priorities, initiatives, and projects that are currently being implemented or that are forecasted to be addressed in 2021 that will require Board members and Board Office Staff to be nimble, engaging, and accessible to the public

### Priority Actions

- Continued implementation of the Board's Police Reform work, culminating in 81 wide-ranging recommendations that are in varying stages of implementation
- Executing a robust Chief of Police Selection Process, which will include extensive public input and consultation and must inspire public confidence and trust
- Addressing findings from ongoing reviews by the Ontario Human Rights Commission and the Independent Civilian Review into Missing Person Investigations
- Continued virtual Board meetings, and other online opportunities for the Board to engage directly with the public (ie. social media, Board website, virtual public consultation, etc.) as well as regular engagement with key policing stakeholders
- Providing input into the development of regulations under Ontario's new *Community Safety and Policing Act, 2019*

## RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2021 Operating Budget for Toronto Police Services Board of \$3.331 million gross, \$1.400 million revenue and \$1.931 million net for the following services:

**Service:**

	<b>Gross Expenditures (\$000s)</b>	<b>Revenue (\$000s)</b>	<b>Net Expenditures (\$000s)</b>
Toronto Police Services Board	3,331.1	1,400.0	1,931.1
<b>Total Program Budget</b>	<b>3,331.1</b>	<b>1,400.0</b>	<b>1,931.1</b>

2. City Council approve the 2021 staff complement for Toronto Police Services Board of 7.5 positions.

**Program / Agency:**

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# 2021 OPERATING BUDGET

## 2021 OPERATING BUDGET OVERVIEW

Table 1: 2021 Operating Budget by Service

(In \$000s)	2019 Actual	2020 Budget	2020 Projection*	2021 Base Budget	2021 New / Enhanced	2021 Budget	Change v. 2020 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
<b>Revenues</b>								
Toronto Police Services Board	1,678.7	3,412.0	3,412.0	1,400.0		1,400.0	(2,012.0)	(59.0%)
<b>Total Revenues</b>	<b>1,678.7</b>	<b>3,412.0</b>	<b>3,412.0</b>	<b>1,400.0</b>	<b>0.0</b>	<b>1,400.0</b>	<b>(2,012.0)</b>	<b>(59.0%)</b>
<b>Expenditures</b>								
Toronto Police Services Board	4,000.0	5,342.4	5,267.0	3,331.1		3,331.1	(1,935.9)	(36.8%)
<b>Total Gross Expenditures</b>	<b>4,000.0</b>	<b>5,342.4</b>	<b>5,267.0</b>	<b>3,331.1</b>	<b>0.0</b>	<b>3,331.1</b>	<b>(1,935.9)</b>	<b>(36.8%)</b>
<b>Net Expenditures</b>	<b>2,321.3</b>	<b>1,930.4</b>	<b>1,855.0</b>	<b>1,931.1</b>	<b>0.0</b>	<b>1,931.1</b>	<b>76.1</b>	<b>4.1%</b>
<b>Approved Positions</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>0.0</b>	<b>7.5</b>		

\*2020 Projection based on Q3 Variance Report

### COSTS TO MAINTAIN EXISTING SERVICES

**Total 2021 Base Budget** expenditures of \$3.331 million gross reflecting a decrease of \$1.936 million in spending compared to the 2020 projected year-end actuals, predominantly arising from:

On November 24, 2020, Toronto Police Board provided an update on the Missing Persons Investigation Review, which is expected to be completed by the end of March, 2021. Additional funding of \$0.700 million from the Tax Stabilization Reserve is included in the 2021 Budget, resulting in a decrease in gross expenditures and revenues from 2020 projections.

Given the financial impacts of COVID-19 on 2020 actuals, a further comparison of the 2021 Recommended Budget to the 2020 Council approved Budget is provided below:

- **2021 Base Budget totalling \$1.931 million in net expenditures reflects a \$0 net increase above the 2020 Council approved Budget.**

### EQUITY IMPACTS OF BUDGET CHANGES

**No significant equity impacts:** The changes in Toronto Police Services Board's 2021 Operating Budget do not have any significant equity impacts.

**2021 OPERATING BUDGET KEY DRIVERS**

The 2021 Operating Base Budget for Toronto Police Services Board is \$3.331 million gross or 37% lower than the 2020 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget.

**Table 2a: 2021 Key Drivers – Base Budget**

Key Cost Drivers	2019 Actuals	2020 Budget	2020 Projection	2021 Base Budget	Change Vs. 2020 Projection	
					\$	%
<b>Expenditures</b>						
1 Salaries and Benefits	1,133.1	1,330.3	1,255.3	1,330.3	75.0	6.0%
2 Equipment	9.0	14.2	14.2	14.2		
3 Service and Rent	2,328.9	3,573.1	3,572.7	1,561.8	(2,010.9)	-56.3%
4 Contribution To Capital						
5 Contribution To Reserves	529.0	424.8	424.8	424.8		
	<b>4,000.0</b>	<b>5,342.4</b>	<b>5,267.0</b>	<b>3,331.1</b>	<b>(1,935.9)</b>	<b>-36.8%</b>
<b>Revenues</b>						
1 Provincial Subsidies						
2 User Fees & Donations						
3 Draw from Reserve Funds	1,678.7	3,412.0	3,412.0	1,400.0	(2,012.0)	-59.0%
4 Other Revenues (Inc. IDR's)						
<b>Total Revenues</b>	<b>1,678.7</b>	<b>3,412.0</b>	<b>3,412.0</b>	<b>1,400.0</b>	<b>(2,012.0)</b>	<b>-59.0%</b>
<b>Net Expenditures</b>	<b>2,321.3</b>	<b>1,930.4</b>	<b>1,855.0</b>	<b>1,931.1</b>	<b>76.1</b>	<b>4.1%</b>
<b>Approved Positions</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>		

**Salaries & Benefits:**

- In August 2019, the Board negotiated a new 2019-2024 collective agreement with the Senior Officers Organization, and approved a recommendation to ratify the same monetary settlement to Excluded staff, which includes members of the Board Office staff. However, in light of the tremendous financial pressures facing the City of Toronto, City Council suspended cost of living increases for its management and non-union staff for 2021. While City Council's direction does not apply to the Board, the Board decided to forgo the 2021 cost of living increase previously extended to Board Staff as well. The estimated impact of the settlement for 2021 is \$18,100. During budget preparation, it was assumed that all Board staff would be at the top of their salary range, as it was unknown what salary step new staff would be placed, as a result, projected salaries are less than budget.

**Services and Rents:**

- Primarily driven by The Missing Persons Investigation Review that is expected to be completed by end of March 2021, resulting in a decrease of \$1.437 million to the Services & Rents budget. Since the Review is funded from the Tax Stabilization Reserve, there is a corresponding reduction in revenues, for net zero impact.
  - The extension of Missing Persons Investigation Review is funded by Tax Rate Stabilization Reserve of additional \$0.700 million in 2021.

**Withdrawal from Reserve Funds:**

- At its meeting on July 23 - 30, 2018, City Council approved up to \$3 million for the Missing Persons Investigations Review. The funds associated with the Review are fully funded by a one-time withdrawal from the Tax Rate Stabilization Reserve. Attached is the link to the report and decision: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.44>
- Additional funding of \$1 million to expand the scope of the Missing Persons Investigations Review was approved by City Council at its meeting of February 19, 2020.
- The Board, at its meeting on November 24, 2020 forwarded a request to the City of Toronto's Executive Committee to allocate and transfer to the Board additional funding for the Review in an amount not to exceed \$0.700 million, and request that such funds be made available to the Board as of the date of the request, and

until the conclusion of the Review. This request, if granted, will result in a net zero change to the Board's operating budget as it will be funded from the Tax Rate Stabilization Reserve.

- The decrease in withdrawal from the reserve by \$2.012 million in 2021, primarily reflects the adjustment of the remaining funds available to complete the Missing Persons Investigation Review.
- Total cost of the Missing Persons Investigation Review is \$4.700 million.

**Note:**

1. For additional information on 2021 key cost drivers refer to [Appendix 2](#).

## 2022 & 2023 OUTLOOKS

**Table 3: 2022 and 2023 Outlooks**

(\$000s)	2020 Projection	2021 Budget	2022 Outlook	2023 Outlook
Revenues	3,412.0	1,400.0	500.0	500.0
Gross Expenditures	5,267.0	3,331.1	2,456.4	2,476.3
<b>Net Expenditures</b>	<b>1,855.0</b>	<b>1,931.1</b>	<b>1,956.4</b>	<b>1,976.3</b>
<b>Approved Positions</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>

### Key drivers

The 2022 Outlook with total gross expenditures of \$2.456 million reflects an anticipated \$0.875 million or 26 per cent decrease in gross expenditures from the 2021 Operating Budget. The 2023 Outlooks expects an increase of \$0.020 million or 0.81 per cent above 2022 gross expenditures.

These changes arise from the following:

- Applying the impact of the collective agreement with the Senior Officers' Organization to Excluded and Board staff. **(2022 and 2023)**
- The completion of the Missing Persons Investigation Review in March 2021 resulting in a decrease in gross expenditures and revenues **(2022)**.



# APPENDICES

## Appendix 1

### COVID-19 Financial Impact – Operating

N/A

## Appendix 2

### 2021 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2018 Actual**	2019 Actual**	2020 Budget	2020 Projection*	2021 Budget	2021 Change from 2020 Projection	
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations							
Licences & Permits Revenue							
Transfers From Capital							
Contribution From Reserves/Reserve Funds	629.8	1,678.7	3,412.0	3,412.0	1,400.0	(2,012.0)	(59.0%)
Sundry and Other Revenues							
Inter-Divisional Recoveries							
<b>Total Revenues</b>	<b>629.8</b>	<b>1,678.7</b>	<b>3,412.0</b>	<b>3,412.0</b>	<b>1,400.0</b>	<b>(2,012.0)</b>	<b>(59.0%)</b>
Salaries and Benefits	1,000.9	1,133.1	1,330.3	1,255.3	1,330.3	75.0	6.0%
Materials & Supplies	3.3	3.7	7.6	7.6	7.6		
Equipment	1.4	5.3	6.6	6.6	6.6		
Service and Rent	785.7	2,328.9	3,573.1	3,572.7	1,561.8	(2,010.9)	(56.3%)
Contribution To Capital							
Contribution To Reserves/Reserve Funds	529.0	529.0	424.8	424.8	424.8		
Other Expenditures							
Inter-Divisional Charges							
<b>Total Gross Expenditures</b>	<b>2,320.3</b>	<b>4,000.0</b>	<b>5,342.4</b>	<b>5,267.0</b>	<b>3,331.1</b>	<b>(1,935.9)</b>	<b>(36.8%)</b>
<b>Net Expenditures</b>	<b>1,690.5</b>	<b>2,321.3</b>	<b>1,930.4</b>	<b>1,855.0</b>	<b>1,931.1</b>	<b>76.1</b>	<b>4.1%</b>
<b>Approved Positions</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>		

\* Year-End Projection Based on Q3 2020 Variance Report

\*\* Prior Year Actuals adjusted retroactively to remove interdepartmental charges and recoveries

### **Appendix 3**

**Summary of 2021 Service Changes**

**N/A**

### **Appendix 4**

**Summary of 2021 New / Enhanced Service Priorities Included in Budget**

**N/A**

### **Appendix 5**

**Summary of 2021 New / Enhanced Service Priorities Not Included in Budget**

**N/A**

### **Appendix 6**

**2021 Capital Budget;  
2022 - 2030 Capital Plan Including Carry Forward Funding**

**N/A**

### **Appendix 7**

**Reporting on Major Capital Projects: Status Update**

**N/A**

### **Appendix 8**

**Summary of Capital Needs Constraints**

**N/A**

### **Appendix 9**

**2021 User Fee Changes**

**N/A**

## Appendix 10

### Inflows and Outflows to/from Reserves and Reserve Funds

#### 2021 Operating Budget

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2020 *	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
<b>Beginning Balance</b>		5,100.0	5,100.0	2,802.5	1,505.0
Police Legal Liabilities Reserve	XQ1901				
<i>Withdrawals (-) TPS</i>			(3,152.3)	(3,152.3)	(3,152.3)
<i>Withdrawals (-) Board</i>			(500.0)	(500.0)	(500.0)
<i>Contributions (+) TPS</i>			930.0	1,930.0	1,930.0
<i>Contributions (+) Board</i>			424.8	424.8	424.8
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>(2,297.5)</b>	<b>(1,297.5)</b>	<b>(1,297.5)</b>
<b>Balance at Year-End</b>		<b>5,100.0</b>	<b>2,802.5</b>	<b>1,505.0</b>	<b>207.5</b>

\* Based on 9-month 2020 Reserve Fund Variance Report

#### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2020 *	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
<b>Beginning Balance</b>		324,089.0	324,089.0	344,395.1	369,970.2
Tax Rate Stabilization Reserve	XQ0703				
<i>Withdrawals (-)</i>					
<i>Missing Persons Investigations Review</i>			(900.0)		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>(900.0)</b>	<b>-</b>	<b>-</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>			<b>21,206.1</b>	<b>25,575.2</b>	<b>25,575.2</b>
<b>Balance at Year-End</b>		<b>324,089.0</b>	<b>344,395.1</b>	<b>369,970.2</b>	<b>395,545.4</b>

\* Based on 9-month 2020 Reserve Fund Variance Report

## Appendix 11

### Glossary

**Approved Position:** Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

**Actuals:** An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

**Capacity to Spend:** Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

**Capital Budget:** A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

**Capital Needs Constraints:** The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

**Complement:** Positions that support the delivery of City services and service levels as approved by Council.

**Efficiencies:** Reductions in the cost of delivering a service without a reduction in service level.

**New / Enhanced:** New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

**Operating Budget:** An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

**Operating Impact of Completed Capital Projects:** The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

**Rate Supported Budget:** Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

**Staff Recommended Operating / Capital Budget:** An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

**State of Good Repair (SOGR):** The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

**Tax Supported Budget:** Budget funded by property taxes.

**User Fees:** Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

**Value Based Outcome Review (VBOR):** The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.

**Voluntary Separation Program** – On July 28th, 2020, City Council approved the implementation of a Voluntary Separation Program for staff who are eligible to retire with an unreduced pension providing a lump sum payment of up to three months' salary to eligible employees, subject to the terms of the program guidelines, funded through savings generated from a combination of permanently eliminating vacated positions and/or holding the positions vacant for a minimum of six months.