



**STAFF REPORT
ACTION REQUIRED**

**Toronto Police Services Board – 2016 Operating Budget
Variance Report for the Period Ending March 31, 2016**

Date:	June 13, 2016
To:	Budget Committee, Executive Committee, City of Toronto
From:	Andy Pringle, Chair, Toronto Police Services Board

SUMMARY

The purpose of this report is to provide the Budget Committee with the 2016 operating budget variance report for the Toronto Police Services Board (Board) for the period ending March 31, 2016.

RECOMMENDATION

It is recommended that the Budget Committee approve a budget transfer of \$39,000 to the Board's 2016 Council-approved operating budget from the City's non-program operating budget, with no incremental cost to the City, to fund the cost of the 2016 impact of the 2015-2018 salary award for Excluded members.

FINANCIAL IMPACT

At this time, the Board is anticipated to show a zero variance on its 2016 operating budget.

ISSUE BACKGROUND

At its meeting on May 19, 2016, the Board was in receipt of a report dated May 05, 2016, with regard to the Board's 2016 operating budget variance report for the period ending March 31, 2016.

COMMENTS

The Board approved the report dated May 05, 2016 and agreed to forward a copy of it to the City's Deputy City Manager and Chief Financial Officer for information and for inclusion in the variance reporting to the City's Budget Committee and to the City's Budget Committee for approval.

CONCLUSION

A copy of the report dated May 05, 2016 is contained in Board Minute No P121/16. A copy of Board Minute No. P121/16, in the form attached as Appendix “A” to this report, is provided for information.

CONTACT

Andy Pringle, Chair
Toronto Police Services Board
Telephone No. 416-808-8080
Fax No. 416-808-8082

SIGNATURE

Andy Pringle
Chair

ATTACHMENT

Appendix A – Board Minute No. P121/16

cc. Mr. Rob Rossini, Deputy City Manager and Chief Financial Officer

A: 2016 tpsb operating budget variance ending march 31

APPENDIX "A"

THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON MAY 19, 2016

#P121 TORONTO POLICE SERVICES BOARD - 2016 OPERATING BUDGET VARIANCE REPORT FOR THE PERIOD ENDING MARCH 31, 2016

The Board was in receipt of the following report May 05, 2016 from Andy Pringle, Chair:

Subject: OPERATING BUDGET VARIANCE REPORT FOR THE TORONTO POLICE
SERVICES BOARD – PERIOD ENDING MARCH 31, 2016

Recommendation:

It is recommended that:

- (1) the Board request the City's Budget Committee to approve a budget transfer of \$39,000 to the Board's 2016 Council approved operating budget from the City's non-program operating budget, with no incremental cost to the City, to fund the cost of the 2016 impact of the 2015-2018 salary award for Excluded members;
- (2) the Board approve assigning the additional pending budget reduction of \$36,500 to the interdepartmental chargeback for city legal services and to the interdepartmental chargeback for audit services;
- (3) the Board approve a revised 2016 Toronto Police Services Board net operating budget of \$2,301,900; and,
- (4) the Board forward a copy of this report to the City of Toronto's (City) Deputy City Manager and Chief Financial Officer for information and for inclusion in the variance reporting to the City's Budget Committee.

Financial Implications:

At this time, the Board is anticipated to show a zero variance on its 2016 operating budget.

Background/Purpose:

The Board, at its October 19, 2015 meeting, approved the Toronto Police Services Board's 2015 operating budget at a net amount of \$2,299,400 (Min. No. P2722/15 refers). Subsequently, Toronto City Council, at its February 17, 2016 meeting, approved the Board's 2016 operating budget at the same amount. When Council approved the 2016 Operating Budget, an unallocated reduction of \$1.263 million was approved to be distributed among all agencies (other than Police

Service and TTC, which were given specific amounts). It was also understood that all programs would receive a reduction, and that Council directed that it would be focused on discretionary expenditures. To ensure the allocation to all programs, whether or not the program met the directives concerning the reduction targets of the 2016 budget process was also taken into consideration in the development of allocations. However, there is no specific direction as to how these reductions should be applied by agencies, other than it is to be considered an ongoing base budget reduction.

A report will be submitted to Budget Committee on this matter for its May 13th agenda, accompanying the 1st Quarter variance reports. For the Police Services Board, a reduction of \$36,500 has been assigned. This reduction would bring the approved Board budget down to \$2,262,900.

At its meeting on April 20, 2016, the Board approved the ratification of a four year collective agreement (2015-2018) with the Toronto Police Senior Officers' Organization. As per historical practice, the Board extended the award to its Excluded staff. The impact of this agreement on the 2016 operating budget is \$39,000. City Finance staff have confirmed that the funding to cover this award has been provided for in the City's non-program expenditure budget, and this transfer would be at no incremental cost to the City. This adjustment will result in a revised 2016 net operating budget of \$2,301,900.

The purpose of this report is to provide information on the Board's 2016 projected year-end variance.

Discussion:

The following chart summarizes the variance by category of expenditure.

Expenditure Category	2016 Budget (\$000s)	Actual to Mar 31/16 (\$000s)	Year-End Actual Expend (\$Ms)	Fav / (Unfav) (\$000s)
Salaries & Benefits (incl. prem.pay)	\$1,002.2	\$207.8	\$1,002.2	\$0.0
Non-Salary Expenditures	\$1,299.7	\$729.3	\$1,299.7	\$0.0
Total	\$2,301.9	\$937.1	\$2,301.9	\$0.0

It is important to note that expenditures do not all follow a linear pattern and therefore year-to-date expenditures cannot be simply extrapolated to year-end. Rather, the projection of expenditures to year-end is done through an analysis of all accounts, taking into consideration factors such as expenditures to date, future commitments expected and spending patterns.

As at March 31, 2016, no variance is anticipated. Details are discussed below.

Salaries & Benefits

Year-to-date expenditures are consistent with the budget and therefore no year-end variance is projected at this time.

Non-salary Budget

The majority of the costs in this category are for arbitrations/grievances and City charge backs for legal services.

The Toronto Police Services Board cannot predict or control the number of grievances filed or referred to arbitration as filings are at the discretion of bargaining units. In order to deal with this uncertainty, the 2016 budget includes a \$610,600 contribution to a Reserve for costs of independent legal advice. Fluctuations in legal spending will be dealt with by increasing or decreasing the budgeted reserve contribution in future years' operating budgets.

Additional Pending Council Reduction

The Board has very limited options in terms of achieving further reductions. The salary and benefit accounts are required to provide administrative support to ensure the Board's provision of civilian oversight to the community. As such, work performed by the staff is fundamentally linked to the Board's ability to provide adequate and effective police services to the community. In terms of non-salary accounts, when the amounts allocated for City Legal chargeback, the City Audit Services chargeback, external consulting and project costs and for external labour relations legal counsel are factored out of the budget, the actual administrative costs in the 2016 budget amount to only \$75,000.

As such, I am recommending that the pending \$36,500 Council reduction be applied to the interdepartmental chargeback for city legal services and to the interdepartmental chargeback for audit services. Spending in these, and other accounts, will be monitored closely throughout the year and any variances will be reported to the Board in future variance reports.

Initiatives focussed on efficiency and effectiveness

Enhanced financial review and monitoring

In September 2015, the Board allocated funds to provide the Board with consulting expertise in budget review and financial accountability. On an "as needed" basis throughout 2016, the Board will have an enhanced ability to scrutinize budgets, review variance reporting, assess the utilization of the Board's Special Fund and monitor implementation of certain Board policies.

Automating the Board agenda and minutes process

The operating budget includes funds to initiate a competitive process to acquire software and hardware necessary to implement a fully electronic, "paperless" agenda and minute preparation and distribution process. This advancement will reduce paper, toner and courier costs but, more significantly, will create efficiencies for administrative staff, Board Members and senior members of the Toronto Police Service. It is also expected to improve the transparency of the Board's deliberations through more timely production of agendas and minutes. A Request for Proposals was issued on February 9, 2016 and a 5-year contract has been awarded to Diligent.

Data Collection and Analysis – Community Contacts

In the 2015 operating budget, the Board had approved the inclusion of \$250,000 to secure an external consultant or evaluator to determine what type of data should be collected, the retention period and the scope of the data required as a result of the Board's approval of the Community Contacts Policy (Board Minute P102/14 refers). During 2015, the Board amended its Community Contacts policy and later in the year, the province has now announced a Regulation made under the *Police Services Act* with respect to such contacts. Given these developments, the Board did not expend funds related to data collection in 2015. The 2016 operating budget includes a reduced amount of funding which will be used in support of the Board's policy response to the Regulation.

Communications

Funds were also allocated in the 2016 budget for engaging in the purchase of communications advice for the Board on an as needed basis.

No variance is currently projected in the above initiatives.

Conclusion:

The 2016 year-to-date expenditure pattern is consistent with the approved 2016 estimate. As a result, projections to year end indicate no variance to the approved 2016 budget.

The Board approved the foregoing report.

Moved by: C. Lee
Seconded by: M. Moliner