

2021 Budget Notes

Toronto Court Services

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Description

Toronto Court Services strives to provide accessible, efficient and effective frontline customer support for case management, courtroom and hearing room services to the public and a wide range of stakeholders that use the Provincial Offences Court and three City Tribunals - Administrative Penalty Tribunal, Toronto Local Appeal Body and Toronto Licensing Tribunal. Court Services is the primary point of contact for the public when they are in need of information, assistance and access to the Provincial Offences Court.

Why We Do It

Toronto Court Services aims to achieve the following outcomes:

- The public has access to a fair, open, reliable (consistent quality under same circumstances) and accessible justice system for Provincial Offences in Toronto.
- The fines and penalties are enforced in a reliable and consistent manner to protect the public interest.
- Public has access to timely, open and accessible appeals related to the three tribunals: Administrative Penalty Tribunal, Toronto Local Appeal Body and Toronto Licensing Tribunal.

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 Service We Provide

Provincial Offences and Tribunal Dispute Resolution

Who We Serve: Defendants, Applicants, Parties, Participants, Enforcement Officers, Prosecutors, Paralegal and Legal Representatives, Witnesses

What We Deliver: Provides administration and courtroom support for hearings resulting from offences under the Provincial Offences Act and City by-laws, administrative hearings/review of Tribunals.

How Much Resources (net operating budget): \$22.0 million revenues

Default Fine Collection Management

Who We Serve: Persons who are required to pay a court imposed fine

What We Deliver: Provides collection management services for the timely collection and processing of outstanding fines ensuring appropriate action is taken on fines in default

How Much Resources (net operating budget): \$3.4 million revenues

Court Case Management

Who We Serve: Defendants, Applicants, Prosecutors, Paralegal and Legal Representatives, Enforcement Officers, Interpreters, Judicial Officers, Tribunal Members

What We Deliver: Completing court administration processes respecting issued charges, providing information to the public, maintaining court records, scheduling trials and hearings and identifying unpaid fines for enforcement

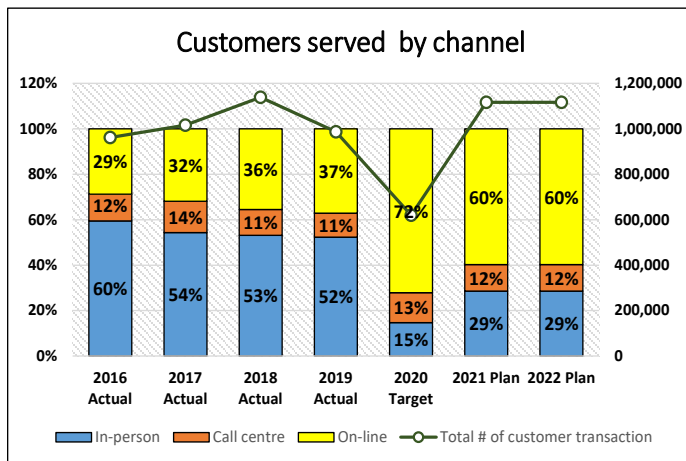
How Much Resources (net operating budget): \$18.6 million revenues

Budget at a Glance

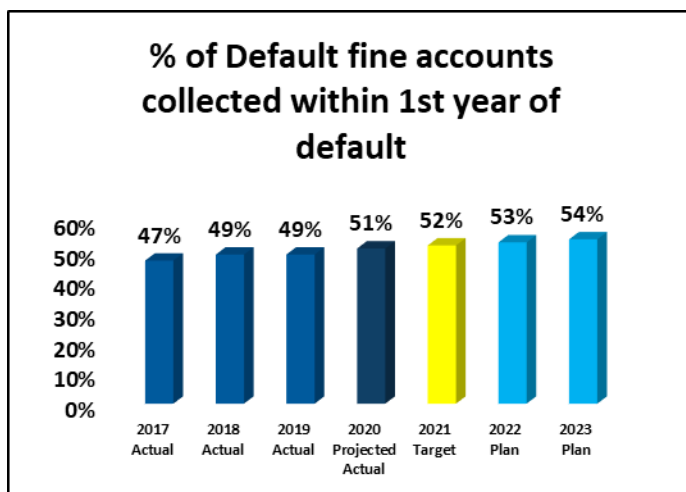
2021 OPERATING BUDGET			
\$ Millions	2021	2022	2023
Revenues	\$77.0	\$76.9	\$76.9
Gross Expenditures	\$33.0	\$36.0	\$36.4
Net Revenue	(\$44.0)	(\$40.9)	(\$40.5)
Approved Positions	251.2	251.2	251.2

2021 - 2030 10-YEAR CAPITAL PLAN			
\$ Millions	2021	2022-2030	Total
Court Services does not have a Capital Plan			

How Well We Are Doing – Behind the Numbers



- Number of customers served in 2020 declined due to court closures and lower charge volumes. Majority of customers have switched to online service channels.
- With the growth in charges and the backlog in 2020, the number of customers served by the division in 2021 is expected to increase to approximately 1.1 million.
- The program plans to manage the growth in charge volume by focusing on digital and online service delivery.



- The percentage of default fines collected within the first year of default range between 50-54% reflecting the challenges of collecting default fines for municipalities across Ontario.
- Default fine collection rates have however increased from 47% in 2017 to 51% in 2020 and is expected to continue to increase by 1% every year as Court Services with support from Legal Services continues to implement its commitments contained in its Management response to the City's Auditor General's report (AU 12.1).

How Well We Are Doing

Service	Service Measure	2018 Actual	2019 Actual	2020 Target	2020 Projection	2021 Target	2022 Target	Status
Service Level and Outcome Measures								
Provincial Offences/Licensing Tribunal Dispute Resolution	Outcome of court proceedings updated within 3 business days*	69%	78%	100%	80%	100%	100%	●
Court Case Management	Accept incoming charges within 7 days of Service date		98%	100%	99%	100%	100%	●
Court Case Management	% of customers served within 45 minutes	98%	98%	100%	98%	100%	100%	●
Default Fine Collection Management	Payments processed within 24 hours of receipt*	100%	100%	100%	42%	100%	100%	●
Default Fine Collection Management	% of fines collected within first year of default	49%	49%	48%	51%	52%	53%	●

The outcome of court proceedings updates within 3 business days and payments are processed within 24 hours of receipt. These Service Levels were not met in 2020 due to interruption of services by the COVID-19 pandemic. Court Services has however taken measures to return to these Service Levels in 2021.

COVID-19 IMPACT AND RECOVERY

2020 Impact	2021 Impact and Recovery
<p>Financial Impact (Operating)</p> <ul style="list-style-type: none"> • \$25.3 million loss in fine revenues resulting from lower than plan charges filed by enforcement agencies and delays in the implementation of Automated Speed Enforcement(ASE); • \$4.3 million in salaries and benefits savings due to delays in hiring and staff on Emergency Leave; • \$6.7 million savings in other non-salary expenditures such as payments to the province and interpreters due to court closures. 	<p>Financial Impact (Operating)</p> <ul style="list-style-type: none"> • \$7.0 million in lost fine revenues stemming from lower number of tickets filed; • \$1.7 million in salaries and benefits savings due to delays in hiring of current vacant positions and positions to be kept vacant under the Voluntary Separation Program (VSP); • \$1.3 million savings in other non-salary expenditures such as payments to the province and interpreters resulting from reduced court capacity required by public health measures.
<p>Financial Impact (Capital)</p> <ul style="list-style-type: none"> • N/A 	<p>Financial Impact (Capital)</p> <ul style="list-style-type: none"> • N/A
<p>Service Level Changes</p> <ul style="list-style-type: none"> • 2020 service levels were not met as courts and tribunals were closed on March 18, 2020, with a limited number of court and tribunal matters scheduled starting in June. Gradual reopening at reduced scale is expected to continue into 2021. 	<p>Service Level Changes</p> <ul style="list-style-type: none"> • 2021 Service levels will be impacted by the ongoing Court closures. Courts are expected to reopen in a staggered manner in 2021. The division expects to deal with backlogs by prioritizing demands and deliver service digitally where possible.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- In partnership with Technology Services, developed and procured solutions to support remote hearings in POA courts and Tribunals.
- Provided information sessions and guides to the public, participants and stakeholders to support participation in remote hearings.
- Expanded use of digital channels to support paperless POA court processes and tribunal hearings.
- Launched self-serve online images of Red Light Camera and Automated Speed Enforcement charges.

Key Challenges and Risks

- The division is facing challenges in dealing with:
 - growth in Provincial Offences charge volumes due to Automated Speed Enforcement and expanded Red Light Camera program requiring resources, as well as
 - managing the operational backlog caused by court closures and an expected higher dispute rate for charges laid under acts such as Emergency Management and Civil Protection Act (EMCPA).
- Modifying work arrangements and processes to accommodate remote or hybrid work due to COVID-19.
- Continued escalation of costs to maintain service levels for court and tribunal hearing notices.
- Backlog in collection of outstanding fines.

Priority Actions

- Support Vision Zero Road Safety and manage the growth in charge volume by focusing on digital and online service delivery.
- Review and assess impacts of COVID-19 on existing workload and assign resources to manage backlog and improve service delivery by focusing on digital service delivery.
- Reduce the cost to maintain services for trial, hearings and resolution by developing and implementing procedures that supports modernization of POA legislation and court scheduling plan.
- Finalize documentation of business requirements for an information management system early in 2021.
- Work with appropriate stakeholders including Technology Services Division towards development or purchase of an appropriate information system in response to the City's Auditor General's recommendation.

RECOMMENDATIONS

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

1. City Council approve the 2021 Operating Budget for Court Services of \$33.016 million gross, \$77.017 million revenue and (\$44.001) million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Court Case Management	18,156.2	36,725.5	(18,569.3)
Default Fine Collection Management	4,821.7	8,193.0	(3,371.3)
Provincial Offences & Tribunal Dispute Resolution	10,038.6	32,099.1	(22,060.5)
Total Program Budget	33,016.4	77,017.5	(44,001.1)

2. City Council approve the 2021 staff complement for Court Services of 251.2 operating positions

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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	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Court Case Management	62,049.1	75,622.2	50,222.4	36,725.5		36,725.5	(13,496.9)	(26.9%)
Default Fine Collection Management	35.7	53.4	333.6	8,193.0		8,193.0	7,859.4	2356.1%
Provincial Offences & Tribunal Dispute Resolution	112.3	131.9	284.8	32,099.1		32,099.1	31,814.3	11170.5%
Total Revenues	62,197.1	75,807.5	50,840.8	77,017.5		77,017.5	26,176.7	51.5%
Expenditures								
Court Case Management	17,286.4	20,292.1	13,682.2	18,156.2		18,156.2	4,474.0	32.7%
Default Fine Collection Management	4,469.5	5,112.0	3,429.1	4,821.7		4,821.7	1,392.5	40.6%
Provincial Offences & Tribunal Dispute Resolution	7,938.6	10,535.9	6,928.5	10,038.6		10,038.6	3,110.1	44.9%
Total Gross Expenditures	29,694.5	35,940.0	24,039.8	33,016.4		33,016.4	8,976.5	37.3%
Net Expenditures	(32,502.7)	(39,867.5)	(26,801.0)	(44,001.1)		(44,001.1)	(17,200.2)	64.2%
Approved Positions	241.0	253.2	253.2	251.2		251.2	(2.0)	(0.8%)

*2020 Projection based on Q3 Variance Report subsequently adjusted by Council decisions.

COSTS TO MAINTAIN EXISTING SERVICES

Total 2021 Base Budget expenditures of \$33.016 million gross, reflecting an increase of \$8.976 million in spending above 2020 projected year-end actuals, predominantly arising from:

- Salary & Benefit base budget increases to close gaps in hiring, partially offset by savings realized from staff on Emergency Leave due to COVID-19.
- Costs for interpreters and provincial payments to reflect the resumption of services in 2021 and opening of the courtrooms closed since March 2020.
- Higher costs for collection agencies which will resume collection activities which were partially suspended due to the COVID-19 pandemic.

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

- 2021 Base Budget of \$44.001 million in net revenue reflects an \$11.206 million net decrease from the 2020 Council approved Budget, when excluding \$7.205 million in estimated COVID-19 financial impacts.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Court Services 2021 Operating Budget do not have any significant equity impacts.

2021 OPERATING BUDGET KEY DRIVERS

The 2021 Operating Base Budget for Court Services is \$33.016 million gross or 37.3% higher than the 2020 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget.

Table 2a: 2021 Key Drivers – 2021 Base Budget

Key Cost Drivers	2019 Actuals	2020 Budget	2020 Projection	2021 Base Budget	Change Vs. 2020 Projection	
					\$	%
Expenditures						
1 Salaries and Benefits	17,762.1	21,232.8	16,478.6	19,536.0	3,057.4	18.6%
2 Materials & Supplies	100.2	111.0	68.8	117.9	49.2	71.5%
3 Equipment	49.1	57.9	181.7	163.9	(17.8)	-9.8%
4 Service and Rent	8,414.5	10,874.0	5,039.4	9,582.8	4,543.4	90.2%
5 Contribution To Reserves	103.8	103.8	103.8	79.4	(24.3)	-23.4%
6 Other Expenditures (Excl. IDC's)	3,264.7	3,560.5	2,167.6	3,536.3	1,368.7	63.1%
Total Expenditures	29,694.5	35,940.0	24,039.8	33,016.4	8,976.5	37.3%
Revenues						
1 Provincial Subsidies						
2 User Fees & Donations	399.8	404.2	386.8	448.0	61.3	15.8%
3 Draw from Reserve Funds		83.0	83.0		(83.0)	-100.0%
4 Other Revenues (Exc. IDR's)	61,797.4	75,320.3	50,371.0	76,569.5	26,198.4	52.0%
Total Revenues	62,197.1	75,807.5	50,840.8	77,017.5	26,176.7	51.5%
Net Expenditures	(32,502.7)	(39,867.5)	(26,801.0)	(44,001.1)	(17,200.2)	64.2%
Approved Positions	241.0	253.2	253.2	251.2	(2.0)	-0.8%

Salaries & Benefits:

Increases in the salary and benefit costs to close gaps due to hiring delays. Resources are required to manage the backlog as Court Services seeks to return to pre-pandemic service levels in 2021 after court closures due to COVID-19.

Services and Rents:

Cost for interpreters and provincial payments as courtrooms reopen for physical hearings in 2021.

Other Expenditures:

Higher costs for collection agencies as collection activities which were partially suspended due to COVID-19 resume in full.

User Fees:

Increase in the user fees for Web payment transactions partially offset by a reduction in copy fee. Court Services expects increased use of online service delivery channels by the public in 2021.

Other Revenue Changes:

Charge volumes are expected to return to normal levels in 2021 after being severely impacted in 2020 by the COVID-19 pandemic.

Table 2b: 2021 Balancing Actions

(\$000s)								
Recommendation	Savings Type	2021				2022		
		Revenue	Gross	Net	Positions	Gross	Net	Positions
Voluntary Separation Program (VSP)	Other		(375.2)	(375.2)	9.0			
Delays in hiring	Other		(1,340.3)	(1,340.3)				
Improved collections	AG Recs	500.0		(500.0)			(500.0)	
Total Balancing Actions		500.0	(1,715.5)	(2,215.5)	9.0		(500.0)	-

Voluntary Separation Program

Salaries and benefits savings from 9 VSP positions or comparable positions to be kept vacant for between 6 to 12 months. Court Services has taken measures to delay filling vacant positions in a way that ensures the program's statutory delivery obligations are met. As well, critical positions are backfilled as soon as possible when they become vacant.

Delays in hiring

Lower salaries & benefits to reflect delayed hiring for vacant positions. The division will function with minimal performance impacts by focusing on delivering service digitally and prioritizing the demands.

Improved Fine Collections

Court Services with support from Legal Services continues to implement the commitments contained in its Management response to the City's Auditor General's report (AU 12.1). It is anticipated that measures already implemented will generate additional revenues of \$0.500 million in 2021.

Note:

- 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	50,840.8	77,017.5	76,958.7	76,958.7
Gross Expenditures	24,039.8	33,016.4	36,019.6	36,485.3
Net Expenditures	(26,801.0)	(44,001.1)	(40,939.1)	(40,473.4)
Approved Positions	253.2	251.2	251.2	251.2

Key drivers

The 2022 Outlook with total gross expenditures of \$36.019 million reflects an anticipated \$3.0 million or 9.0 per cent increase in gross expenditures in the 2021 Operating Budget;

The 2023 Outlooks expects a further increase of \$0.466 million or 1.3 per cent above 2022 gross expenditures.

These changes arise from the following:

- Salary and benefit inflationary increases resulting in a pressure of \$0.415 million increase in year 2022, and \$0.433 million in year 2023.
- Reversal of one-time COVID-19 cost savings and costs for remote hearing equipment of \$2.555 million in year 2022 and 2023.

APPENDICES

Appendix 1

COVID-19 Financial Impact - Operating

COVID-19 Impacts	(\$000s)					
	2020			2021		
	Revenues	Gross	Net	Revenues	Gross	Net
Revenue Loss						
Fine Revenue Loss	(25,256.0)		25,256.0	(6,956.0)		6,956.0
Change User Fee Volume	(30.6)		30.6	43.8		(43.8)
Sub-Total	(25,286.6)		25,286.6	(6,912.1)		6,912.1
Expenditure Increase						
Data Plan for Remote Hearing					67.6	67.6
Resources for Remote Hearing					116.0	116.0
Collection Agency Commission	(962.5)	(962.5)		58.8	58.8	
PPE and cleaning requirement		8.5	8.5		108.9	108.9
Sub-Total	(962.5)	(954.0)	8.5	58.8	351.3	292.5
Savings due to Underspending						
Salaries and Benefit Decrease-VSP					(375.2)	(375.2)
Salaries and Benefit Decrease-Delay in hiring		(4,332.0)	(4,332.0)		(1,340.3)	(1,340.3)
Payment to Province		(3,045.1)	(3,045.1)		(1,046.5)	(1,046.5)
Interpreter Services		(1,629.2)	(1,629.2)		(236.5)	(236.5)
Other Expenses	(37.8)	(1,075.1)	(1,037.3)		(32.5)	(32.5)
Sub-Total	(37.8)	(10,081.4)	(10,043.6)		(3,030.9)	(3,030.9)
Total COVID-19 Impact	(26,286.9)	(11,035.4)	15,251.5	(6,853.3)	(2,679.6)	4,173.8

Appendix 2

2021 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2018	2019	2020	2020	2021	2021 Change from 2020	
	Actual	Actual	Budget	Projection*	Total Staff Recommended Budget	Projected Actual	
	\$	\$	\$	\$	\$	\$	%
User Fees & Donations	364.4	399.8	404.2	386.8	448.0	61.3	15.8%
Licences & Permits Revenue							
Transfers From Capital	0.2						
Contribution From Reserves/Reserve Funds			83.0	83.0		(83.0)	(100.0%)
Sundry and Other Revenues	50,907.5	61,797.4	75,320.3	50,371.0	76,569.5	26,198.4	52.0%
Total Revenues	51,272.1	62,197.1	75,807.5	50,840.8	77,017.5	26,176.7	51.5%
Salaries and Benefits	17,412.0	17,762.1	21,232.8	16,478.6	19,536.0	3,057.4	18.6%
Materials & Supplies	92.4	100.2	111.0	68.8	117.9	49.2	71.5%
Equipment	23.1	49.1	57.9	181.7	163.9	(17.8)	(9.8%)
Service and Rent	8,629.1	8,414.5	10,874.0	5,039.4	9,582.8	4,543.4	90.2%
Contribution To Reserves/Reserve Funds	592.3	103.8	103.8	103.8	79.4	(24.3)	(23.4%)
Other Expenditures	1,907.0	3,264.7	3,560.5	2,167.6	3,536.3	1,368.7	63.1%
Total Gross Expenditures	28,656.0	29,694.5	35,940.0	24,039.8	33,016.4	8,976.5	37.3%
Net Expenditures	(22,616.1)	(32,502.7)	(39,867.5)	(26,801.0)	(44,001.1)	(17,200.2)	64.2%
Approved Positions	229.0	241.0	253.2	253.2	251.2	(2.0)	(0.8%)

* Year-End Projection Based on Q3 2020 Variance Report

** Prior Year Budget and 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 6a

2021 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 6b

2022 - 2030 Capital Plan

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
		\$	\$	\$	\$
Beginning Balance		5,775.7	5,775.7	4,334.7	492.7
Provincial Offences Courts Stabilization Reserve	XQ0704				
<i>Withdrawals (-)</i>			(1,441.0)	(3,842.0)	
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		5,775.7	4,334.7	492.7	492.7
Balance at Year-End		5,775.7	4,334.7	492.7	492.7

* 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
		\$	\$	\$	\$
Beginning Balance		30,142.3	30,142.3	14,678.1	17.8
Insurance	XR1010				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>			79.4	79.4	79.4
Total Reserve / Reserve Fund Draws / Contributions		30,142.3	30,221.7	14,757.6	97.3
Other Program / Agency Net Withdrawals & Contributions			(15,590.6)	(14,756.6)	2,471.2
<i>Interest Income</i>			47.0	16.9	4.3
Balance at Year-End		30,142.3	14,678.1	17.8	2,572.8

* 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).

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 provide services; an example of an operating cost would be the cost to run the TTC subways.

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.

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.