



## NIAGARA REGIONAL POLICE SERVICE Police Services Board Report

PUBLIC AGENDA

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**Subject:** NRPS Financial Variance Overview for the Period Ending Sept 30, 2020  
**Report To:** Chair and Members, Niagara Police Services Board  
**Report Date:** 2020-11-10



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### Recommendation(s)

**That the Niagara Police Services Board receives this report for information.**

### Key Facts

- The purpose of the report is to provide an analysis of the 2020 Q3 financial results of the Service and Board as per the Service's Financial Reporting, Control and Procurement of Goods and Services By-Law 384-2019.
- For the period ending September 30, 2020, the Service and Board have a combined net expenditure before indirect allocations surplus of \$1,010,873.
- Based on the results for the nine-month period and the estimated financial impact of the COVID-19 emergency orders, the Service is forecasting a deficit of \$206,899 by the end of this fiscal year.
- To date, the most significant risk to the year-end financial position is the impact of the mandated orders by government and health agencies in response to the COVID-19 pandemic. The forecasted incremental net cost resulting from the COVID-19 pandemic is \$3,415,853.

### Financial Considerations

There are no direct financial implications from receipt of this report.

### Analysis

The year-end variance summary (Appendix 1) provides a synopsis of the combined financial operations for the Police Service and the Board for the period ending September 30, 2020.

In March 2020, in response to the growing COVID-19 pandemic, the Service initiated the Pandemic Business Continuity Plan to support the emergency orders mandated by

government and health agencies. Activities included the purchase of additional and alternative infection control supplies and personal protective equipment (PPE), introduction of social distancing protocols, and the introduction of administrative leave for identified members out of the workplace due to COVID-19 related restrictions. A financial impact summary is provided as Appendix 2.

For the period ending September 30, 2020, gross costs related to COVID-19 totalled \$3,615,371. Included in this total is \$1,203,112 which is related to permanent members on administrative leave or rotating shifts. These costs represent a loss of productive time, however, the expense is supported by the base budget. As such, the net incremental costs related to COVID-19 as of September 30, 2020 are \$2,412,259. At this time, the Service is forecasting total gross costs to year-end to be \$4.7M, with \$1.3M supported by the base budget, leaving a forecasted net incremental cost of \$3.4M. The net incremental costs are included in the below variance analysis.

As detailed in Appendix 1, for the period ending September 30, 2020, the Service and Board have a combined Net Expenditure before Indirect Allocations surplus of \$1,010,873. At this time, the Service is forecasting a deficit of \$0.2 million by the end of this fiscal year, which includes the projected net cost impact of \$3.4 million resulting from the impact of the COVID-19 emergency orders. This projected impact assumes emergency orders will be in effect to year-end. The Service anticipates the mitigation of these extraordinary costs mainly from uniform hiring lags, favourable fuel rates, staff development savings, employee benefits surplus and savings from the 2020 NRPA Wage Settlement.

A detailed discussion of the actual performance to budget by major expense category follows:

#### Personnel Costs:

For the period ending September 30, Personnel Costs were below the approved budget by \$2,925,325, which represents 2.5% of the total personnel budget to date. This favorable variance is the net result of savings realized within uniform salaries, employee benefits and the 2020 NRPA wage settlement, partially offset by increased spending of civilian salaries to backfill operationally essential civilian positions and sick leave payouts from greater than budgeted retirements. The incremental unbudgeted cost impact to date on Personnel Costs that are attributed to the pandemic total \$193,433. Majority of these costs were incurred at the onset of the pandemic when staff were assigned to assist in the implementation of the emergency orders or to replace members off on administrative leave based on Public Health recommendations.

Based on year-to-date results, the Service is forecasting personnel costs to be under budget by approximately \$2.9 million by year-end inclusive of COVID costs. This forecasted favorable position is anticipated from uniform salary savings due to lags in the replacement of vacant positions, employee benefits surplus due to decreased usage, and savings from the 2020 NRPA wage settlement, offset by the expected continued trend

in civilian salaries spent for the backfilling of operationally essential positions and current WSIB expenditures. The forecasted unbudgeted cost impact of COVID-19 pandemic to year-end on Personnel Costs is \$0.2 million. As explained, most of the personnel costs incurred during the pandemic were incurred during the first few weeks to assist in the implementation of the Pandemic Business Continuity Plan or as replacement staff for members on administrative leave.

#### Other Operational Expenditures:

Other Operational Expenditures are comprised of all other operating expenditures excluding Personnel Costs. For the period ending September 30, the Other Operational Expenditures resulted in a net surplus of \$449,992 inclusive of COVID costs. To date, the Service has incurred \$430,673 from the implementation of the emergency orders mainly for the purchase of personal protective equipment and infection control supplies. These expenses are offset by savings in staff development, fuel and administrative travel expenses realized as a result of COVID-19 restrictions. Further savings have been realized in fuel costs due to lower than budgeted fuel rates and external legal expenses for the Police Services Board.

The projected year-end position for other operational expenditures is anticipated to be favorable by approximately \$0.5 million. The projected cost of COVID-19 emergency orders is \$0.5 million, which is offset by a projected savings related to COVID-19 in staff development, fuel and travel expenses. The Service anticipates favourable fuel rates will continue to year-end as well as savings in administrative meals, travel and information & promotions.

#### Recoveries & Revenues:

For the period ending September 30, Gross Revenues and Recoveries were below budgeted levels by \$2,364,443. This is mainly the result of a shortfall from third party revenue received from the City of Niagara Falls due to the Casino closures as well as minor reductions in fees for service, special duty and secondment revenues due to COVID-19 emergency orders.

The year-end forecast includes a \$3.6 million shortfall in revenues and recoveries. This forecast is based on the assumption that the COVID-19 emergency orders will continue until year-end impacting the re-opening of the Niagara Casinos. At this time, the Service has not been informed of any significant impacts to provincial grant programs.

#### Conclusion:

The detailed variance analysis has been prepared based on results of operations at September 30, 2020. At this time, the Service is closely monitoring the potential impact of COVID-19 pandemic on its financial position and assessing mitigation opportunities.

## **Alternatives Reviewed**

The only alternative is for the Board not to receive this report.

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

To ensure compliance to the Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service By-Law 384-2019.

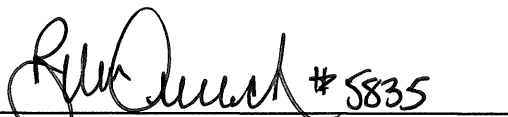
## **Relevant Policy Considerations**

- Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service By-Law 384-2019
- Municipal Act

## **Other Pertinent Reports**

- Finance Committee Minute No. 3/2019 – 2020 Niagara Regional Police Service and Board Approved Operating Budget
- Minute No. 91/2020 - NRPS Financial Variance Overview – Year Ending March 31, 2020
- Minute No. 151/2020 - NRPS Financial Variance Overview – Year Ending June 30, 2020

*This report was prepared by Courtney Woods, Financial Analyst, reviewed by Laura Rullo, Finance Manager and recommended by Bill Fordy, Deputy Chief of Police, Support Services.*



**Submitted by:**

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Chief of Police

## **Appendices**

- Appendix 1 Niagara Regional Police Service and Board Variance Summary  
Appendix 2 Financial Impact of COVID-19 ending September 30, 2020

Appendix 1  
Niagara Regional Police Service and Board  
September 2020 Variance Summary

	2019 Actual	2020 Budget	YTD Sept. 2019 Actual	YTD Sept. 2020 Budget	YTD Sept. 2020 Actual	% Budget Spent	Act vs. Budget Surplus/(Deficit)	2020 Forecast	Forecasted Variance	
									\$	%
<b>Police Service</b>										
Uniform Salaries	77,091,676	82,170,354	57,496,552	60,959,916	58,022,267	71%	2,937,649	77,751,699	4,418,655	5.4%
Uniform Overtime	5,932,873	3,134,747	3,902,812	2,376,603	3,802,283	121%	(1,425,680)	5,832,344	(2,697,597)	-86.1%
<b>Total Uniform</b>	<b>83,024,549</b>	<b>85,305,101</b>	<b>61,399,363</b>	<b>63,336,520</b>	<b>61,824,550</b>	<b>72%</b>	<b>1,511,969</b>	<b>83,584,043</b>	<b>1,721,058</b>	<b>2.0%</b>
Civilian Salaries and Wages	28,939,606	29,713,875	21,145,959	22,230,817	22,146,791	75%	84,026	29,662,083	51,792	0.2%
Civilian Overtime	1,147,548	535,965	834,672	398,008	728,347	136%	(330,340)	1,041,223	(505,258)	-94.3%
<b>Total Civilian</b>	<b>30,087,154</b>	<b>30,249,840</b>	<b>21,980,631</b>	<b>22,628,824</b>	<b>22,875,138</b>	<b>76%</b>	<b>(246,314)</b>	<b>30,703,306</b>	<b>(453,466)</b>	<b>-1.5%</b>
Other Salaries and Wages	2,431,858	2,372,884	1,750,770	1,694,334	1,570,740	66%	123,594	2,207,800	165,084	7.0%
<b>Total Salaries and Wages</b>	<b>115,543,561</b>	<b>117,927,825</b>	<b>85,130,765</b>	<b>87,659,677</b>	<b>86,270,428</b>	<b>73%</b>	<b>1,389,249</b>	<b>116,495,149</b>	<b>1,432,676</b>	<b>1.2%</b>
Employee Benefits	28,675,253	30,375,014	21,332,800	23,754,987	22,309,498	73%	1,445,489	29,030,499	1,344,515	4.4%
WSIB	1,754,524	1,700,000	1,406,456	1,275,003	1,457,958	86%	(182,955)	1,933,944	(233,944)	-13.8%
Sick Leave Payouts	1,206,490	700,000	1,015,385	525,000	946,103	135%	(421,103)	946,103	(246,103)	-35.2%
Specialty Allowance	1,691,779	1,841,822	8,561	19,548	32,417	2%	(12,869)	1,841,822	-	0.0%
Other Allowances and Benefits	735,335	3,875,175	422,751	2,775,936	2,068,422	53%	707,514	3,301,217	573,958	14.8%
<b>Total Benefits and Allowances</b>	<b>34,063,382</b>	<b>38,492,010</b>	<b>24,185,953</b>	<b>28,350,473</b>	<b>26,814,398</b>	<b>70%</b>	<b>1,536,076</b>	<b>37,053,584</b>	<b>1,438,427</b>	<b>3.7%</b>
<b>Total Personnel Costs</b>	<b>149,606,943</b>	<b>156,419,835</b>	<b>109,316,717</b>	<b>116,010,151</b>	<b>113,084,826</b>	<b>72%</b>	<b>2,925,325</b>	<b>153,548,732</b>	<b>2,871,103</b>	<b>1.8%</b>
Telephone & Communications	882,143	930,180	676,326	697,650	681,651	73%	15,999	908,869	21,311	2.3%
Other Administrative Expenses	2,943,530	3,282,796	2,097,266	2,462,186	1,880,362	57%	581,824	2,659,922	622,874	19.0%
<b>Total Administrative Expenses</b>	<b>3,825,672</b>	<b>4,212,976</b>	<b>2,773,591</b>	<b>3,159,836</b>	<b>2,562,014</b>	<b>61%</b>	<b>597,823</b>	<b>3,568,791</b>	<b>644,185</b>	<b>15.3%</b>
<b>Total Operational &amp; Supply</b>	<b>2,476,288</b>	<b>2,273,188</b>	<b>1,842,326</b>	<b>1,767,387</b>	<b>2,168,895</b>	<b>95%</b>	<b>(401,508)</b>	<b>2,665,894</b>	<b>(392,706)</b>	<b>-17.3%</b>
<b>Total Occupancy &amp; Infrastructure</b>	<b>311,149</b>	<b>360,720</b>	<b>201,937</b>	<b>270,538</b>	<b>207,709</b>	<b>58%</b>	<b>62,829</b>	<b>350,314</b>	<b>10,406</b>	<b>2.9%</b>
Fuel	1,380,156	1,469,542	1,044,581	1,102,163	873,264	59%	228,899	1,163,782	305,760	20.8%
Maintenance Contracts	3,014,733	3,343,957	2,257,730	2,518,964	2,537,838	76%	(18,874)	3,383,784	(39,827)	-1.2%
Other Equipment, Vehicles and Technology	1,804,598	2,108,182	1,396,555	1,594,764	1,630,287	77%	(35,523)	2,136,253	(28,071)	-1.3%
<b>Total Equipment, Vehicles and Technology</b>	<b>6,199,488</b>	<b>6,921,681</b>	<b>4,698,867</b>	<b>5,215,890</b>	<b>5,041,388</b>	<b>73%</b>	<b>174,502</b>	<b>6,683,819</b>	<b>237,862</b>	<b>3.4%</b>
Transfer to Capital Levy Reserve	1,200,000	1,200,000	900,000	1,200,000	1,200,000	100%	-	1,200,000	-	0.0%
Transfer to Benefits Liabilities Reserve	-	-	-	-	-	0%	-	-	-	0.0%
Transfer to Vehicle & Eq'm Repl. Reserve	1,500,000	1,500,000	1,125,000	1,500,000	1,500,000	100%	-	1,500,000	-	0.0%
Transfer to Contingency Reserve	250,000	250,000	187,500	187,500	187,500	75%	-	250,000	-	0.0%
Transfer to WSIB Reserve	200,000	200,000	150,000	150,000	150,000	75%	-	200,000	-	0.0%
<b>Total - Transfers to Reserve Fund</b>	<b>3,150,000</b>	<b>3,150,000</b>	<b>2,362,500</b>	<b>3,037,500</b>	<b>3,037,500</b>	<b>96%</b>	<b>-</b>	<b>3,150,000</b>	<b>-</b>	<b>0.0%</b>
Financial Expenditures	6,118	1,000	3,469	750	(206)	-21%	956	-	1,000	100.0%
Intercompany Chargebacks	145,905	177,533	107,522	133,150	117,759	66%	15,391	162,142	15,391	8.7%
<b>Total - Financial Expenditures and Chargebacks</b>	<b>152,024</b>	<b>178,533</b>	<b>110,991</b>	<b>133,900</b>	<b>117,553</b>	<b>66%</b>	<b>16,346</b>	<b>162,142</b>	<b>16,391</b>	<b>9.2%</b>
<b>Total Gross Expenditures</b>	<b>165,721,563</b>	<b>173,516,933</b>	<b>121,306,929</b>	<b>129,595,201</b>	<b>126,219,885</b>	<b>73%</b>	<b>3,375,316</b>	<b>170,129,693</b>	<b>3,387,240</b>	<b>2.0%</b>
<b>Total Recoveries</b>	<b>(1,568,469)</b>	<b>(1,557,991)</b>	<b>(1,166,950)</b>	<b>(1,168,493)</b>	<b>(1,168,795)</b>	<b>75%</b>	<b>302</b>	<b>(1,558,293)</b>	<b>302</b>	<b>0.0%</b>
Grants	(9,651,756)	(9,636,917)	(7,266,550)	(7,252,305)	(7,238,194)	75%	(14,111)	(9,587,704)	(49,213)	0.5%
Fees	(5,800,277)	(5,428,043)	(4,525,424)	(4,076,028)	(1,729,708)	32%	(2,346,320)	(1,949,773)	(3,478,270)	64.1%
Other Revenues	(2,328,766)	(2,185,763)	(1,727,283)	(1,639,324)	(1,635,010)	75%	(4,314)	(2,118,804)	(66,959)	3.1%
Transfer From Accum. Sick Lv. Res. Fund.	-	(250,000)	-	(187,500)	(187,500)	75%	-	(250,000)	-	0.0%
<b>Total Revenues</b>	<b>(17,780,799)</b>	<b>(17,500,722)</b>	<b>(13,519,257)</b>	<b>(13,155,157)</b>	<b>(10,790,412)</b>	<b>62%</b>	<b>(2,364,745)</b>	<b>(13,906,280)</b>	<b>(3,594,442)</b>	<b>20.5%</b>
<b>Net Exp. before Indirect Allocations</b>	<b>146,372,295</b>	<b>154,458,220</b>	<b>106,620,722</b>	<b>115,271,551</b>	<b>114,260,678</b>	<b>74%</b>	<b>1,010,873</b>	<b>154,665,119</b>	<b>(206,899)</b>	<b>-0.1%</b>

**Appendix 2: COVID-19 Pandemic Financial Impact Summary for Period Ending September 30, 2020**

	Expenses as of Date	Expenses Incurred to Date	Forecast
<b>Direct Costs Supported by Approved Operating Budget</b>			
Permanent Members on Administrative Leave	Oct 3	875,263	975,263
Members on Rotating Shifts	Oct 3	127,331	127,331
Associated Benefit Costs	Oct 3	200,518	220,519
<b>Direct Costs Supported by Approved Operating Budget</b>		<b>1,203,112</b>	<b>1,323,113</b>
<b>Incremental Direct Costs related to COVID-19</b>			
Personnel Costs Specific to COVID-19 Activities	Oct 3	193,433	211,890
Other Supply Costs	Sept 30	430,673	510,869
Lost Revenue	Sept 30	2,775,220	3,936,203
<b>Total - Incremental Direct Costs related to COVID-19</b>		<b>3,399,326</b>	<b>4,658,962</b>
<b>Savings Related to COVID-19</b>	Sept 30	<b>(987,067)</b>	<b>(1,243,109)</b>
<b>Total Gross Costs related to COVID-19</b>		<b>3,615,371</b>	<b>4,738,966</b>
<b>Less Direct Costs Supported by Approved Operating Budget</b>		<b>(1,203,112)</b>	<b>(1,323,113)</b>
<b>Net Incremental Costs related to COVID-19</b>		<b>2,412,259</b>	<b>3,415,853</b>