



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2020 July 2

SUBJECT: Budget Variance for the Period Ending May 31, 2020

RECOMMENDATION(S):

That this report be received for information.

INTRODUCTION:

This report provides information and updates to the Edmonton Police Commission (EPC) on the Edmonton Police Service (EPS) current financial position as of May 31, 2020.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending May 31, 2020 indicate a net deficit position of \$3.068 million or 1.9% mainly due to the overspend in personnel of \$2.686 million and a shortfall in revenue of \$3.851 million. This is partially offset by underspend in non-personnel of \$3.469 million.

The overbudget position in Personnel is primarily the result of higher salary costs due to decreases in vacation taken, higher part time and overtime costs in the Police Communications Branch resulting from 911 position civilianization, and Edmonton Police Association personnel being over strength.

The main causes of the underbudget position in non-personnel costs are detailed in Attachment I and include delays in invoicing from the Government of Alberta for forensic biology related services and delays in the Human-centered Engagement and Liaison Partnership (HELP) program initiatives.

The revenue shortfall is due to lower demand for several EPS services and fewer Traffic Safety Act fine tickets issued.

COVID-19 Financial Impact

The impact to EPS' year-end projection includes \$3.695 million for increased operating expenses and revenue shortfalls.


CONCLUSION:

The year-end forecast projects an operating deficit of \$2.856 million. This is the result of savings in non-personnel and overtime costs and EPA collective bargaining where the increase is payable effective December 2020, offset by anticipated National Hockey League (NHL) playoff costs. In accordance with EPS Reserve Policy, this deficit will be partially covered from the EPS Operating Reserve.

ADDITIONAL INFORMATION ATTACHED:

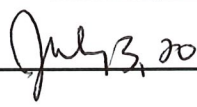
Attachment 1 – Budget Variance by Major Category of Revenue& Expenditures

Written By: Kathryn REYNOLDS, Director, Financial Management Branch 

Reviewed By: Robert DAVIDSON, Executive Director, Business Development Division 

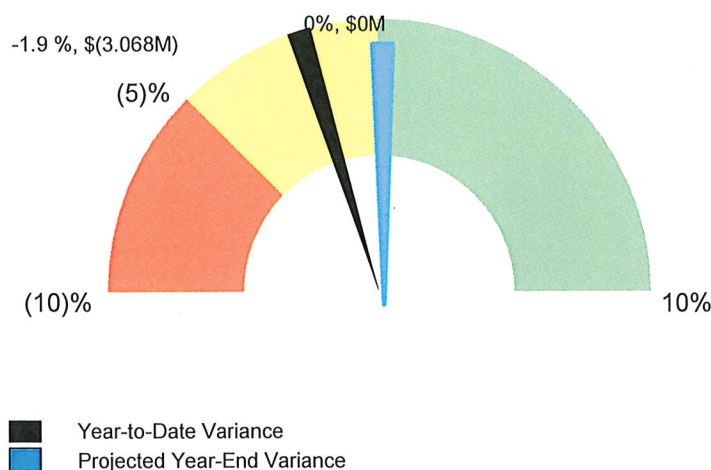
Approved By: Darren DERKO, Deputy Chief, Corporate Services Bureau 

Chief of Police:  _____

Date:  _____

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending May 31, 2020

- Favourable budget variance, $\geq 0\%$
- Unfavourable budget variance, 0% to $(5)\%$
- Unfavourable budget variance, $> (5)\%$



	Year-to-Date			
	Budget	Actual	Variance \$	%
Revenue	33,159	29,308	(3,851)	-11.6%
<i>Personnel</i>	162,545	165,231	(2,686)	-1.7%
<i>Non-Personnel</i>	32,841	29,372	3,469	10.6%
Expense	195,386	194,603	783	0.4%
Net Position	162,227	165,295	(3,068)	-1.9%

	Projected Year-End			
	Budget	Actual	Variance \$	%
Revenue	96,905	93,590	(3,315)	-3.4%
<i>Personnel</i>	381,623	388,365	(6,742)	-1.8%
<i>Non-Personnel</i>	81,605	74,404	7,201	8.8%
Expense	463,228	462,769	459	0.1%
TCA (Note 1)	7,070	7,070	-	0.0%
Transfer to/from EPS Reserve (Note 2)	-	(2,856)	2,856	0.0%
Net Position	373,393	373,393	-	0.0%

Year-to-Date

Revenue - The under budget position is the result of lower demand for Police Information Checks, less demand for Extra Duty services because of the cancellation of several events, and reduced tows in seized vehicles (which has offsetting lower contract and service costs) and delay in billing for School Resource Officer services. Lower Traffic Safety Act revenues are due to a lower number of tickets issued.

Personnel - The over budget position is due to higher salary costs because of decrease in vacation taken, higher part time costs in the Police Communications Branch (PCB) resulting from 911 position civilianization, and Edmonton Police Association personnel being over strength. Overtime is under budget because of favourable staffing or deployment models in the Community Policing Bureau, partially offset by higher overtime costs in PCB.

Non-Personnel - The under budget position is due to the delay in invoicing from the Government of Alberta for forensic biology related services, and delay in the Human-centered Engagement and Liaison Partnership (HELP) program initiatives. Also contributing to the under spend are lower Extra Duty and tow lot contract expenses, which are offset by reductions in revenue. There are also lower than anticipated building maintenance and custodial costs, a portion of which is related to the delay in opening of Northwest Campus. Travel and training is underspent due to restrictions in travel and training.

Projected Year-End

Revenue - The same as year to date however, the projection has been updated to include an increase in revenue for the School Resource Officer program as their level of service has been maintained and even increased despite school closures.

Personnel - The same as year to date. A further over budget projection in overtime is anticipated for the NHL playoffs and as a result of minimum staffing gaps in PCB due to 911 position civilianization, partially offset by under budget projections in the Community Policing Bureau. The over budget projection is partially offset by the collective bargaining settlement where the increase is payable effective December 2020.

Non-Personnel - Under budget as organizational opportunities have been held to manage pressures such as the anticipated NHL playoffs. This is marginally offset by HELP planning to hire social workers for the program in Q3, ahead of the previous Q1 2021 schedule.

Notes:

(1) TCA refers to Tangible Capital Assets, where budget is held to cover capital-qualifying expenses for purchases such as vehicles and/or information technology projects.

(2) On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget. Balance in the EPS Reserve as at December 31, 2019 was \$2.245 million. During the 2020 Spring SCBA, \$2.179 million was transferred to the EPS Reserve for Alberta First Responders Radio Communications System (AFRRS). The total balance of the EPS Reserve as at May 31, 2020 was \$4.246 million (\$2.001 million is restricted).

2019 Year-to-Date					2019 Year-End				
	Budget	Actual	Variance \$	%		Budget	Actual	Variance \$	%
Revenue	31,055	31,360	305	1.0%	Revenue	96,957	94,470	(2,487)	3.8%
Expense	184,497	185,203	(706)	-0.4%	Expense	454,581	451,011	3,570	0.8%
Transfer to/from EPS Reserve (Note 2)	-	-	-	0.0%	Transfer to/from EPS Reserve (Note 2)	-	1,083	(1,083)	0.0%
Net Position	153,442	153,843	(401)	-0.3%	Net Position	357,624	357,624	-	-0.8%