



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2020 August 31

SUBJECT: Budget Variance for the Period Ending July 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 July 31, 2020.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending July 31, 2020 indicate a net deficit position of \$1.673 million or 0.8% mainly due to the overspend in personnel of \$4.160 million and a shortfall in revenue of \$2.779 million. This is partially offset by an underspend in non-personnel of \$5.266 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 lower demand for Extra Duty services, lower expenses 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 \$3.677 million for increased operating expenses and revenue shortfalls.

CONCLUSION:

The year-end forecast projects an operating surplus of \$0.400 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 impact of COVID-19 pandemic. In accordance with EPS Reserve Policy, this surplus will be placed in 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 

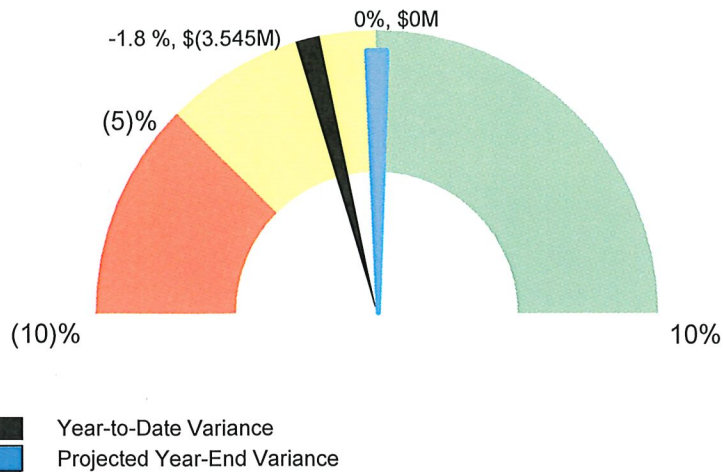
*Cost saving initiatives implemented in Q1/Q2 due to covid
has placed EPS in a better financial position.*

Chief of Police: 

Date: Aug 31, 20

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

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



Year-to-Date				
	Budget	Actual	Variance \$	%
Revenue	58,668	55,889	(2,779)	-4.7%
Personnel	222,629	226,789	(4,160)	-1.9%
Non-Personnel	45,499	40,233	5,266	11.6%
Expense	268,128	267,022	1,106	0.4%
Net Position	209,460	211,133	(1,673)	-0.8%

Projected Year-End				
	Budget	Actual	Variance \$	%
Revenue	96,904	94,307	(2,597)	-2.7%
Personnel	381,623	384,820	(3,197)	-0.8%
Non-Personnel	81,603	75,409	6,194	7.6%
Expense	463,226	460,229	2,997	0.6%
TCA (Note 1)	9,619	9,619	-	0.0%
Transfer to/from EPS Reserve (Note 2)	-	400	(400)	0.0%
Net Position	375,941	375,941	-	0.0%

Year-to Date

Revenue - The under budget position is the result of fewer tows of seized vehicles, lower demand for Police Information Checks (PICS), and less demand for Extra Duty services because of the cancellation of several events, offset by lower contract and service costs paid to members. Lower Traffic Safety Act revenues are due to a lower number of tickets issued. The Municipal Policing Assistance Grant received to date is higher than anticipated. There have been less E911 Grant related costs resulting in less revenue recognized to date.

Personnel - The over budget position is due to higher salary costs because of decreases 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 and due to COVID-19 pandemic response to meet minimum staffing and operational requirements.

Non-Personnel - The under budget position is due to lower Extra Duty and tow lot contract expenses, which are offset by reductions in revenue. Also contributing to the under spend are the lower than expected expense for forensic biology related services, and the delay in the Human-centered Engagement and Liaison Partnership (HELP) program initiatives. Travel and training is underspent due to restrictions in travel and training. Building maintenance and custodial costs are lower than anticipated. Supplies and equipment are over budget in response to the COVID-19 pandemic.

Projected Year-End

Revenue - The same as year to date. The projection for PICS revenue includes the impact of the increase in the online rate, which is offset by online service and credit card processing fees. Year-end projection has been updated to reflect an anticipated increase in Extra Duty revenue due to the City of Edmonton hosting the National Hockey League playoffs; there is an offsetting increase in projected contract services for payments to members.

Personnel - The same as year to date 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 COVID-19 pandemic response. This is marginally offset by HELP planning to hire social workers for the program in 3rd quarter of 2020, ahead of the previous Quarter 1, 2021 schedule, and increase in PICS online service and credit card processing fees, which is expected to generate additional revenue. Year-end projection has been adjusted to reflect anticipated increase in Extra Duty services due to the City of Edmonton hosting the National Hockey League playoffs; there is an offsetting increase in projected revenue.

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 July 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	56,679	57,130	451	0.8%	Revenue	96,957	94,470	(2,487)	3.8%
Expense	254,637	254,908	(271)	-0.1%	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	197,958	197,778	180	0.1%	Net Position	357,624	357,624	-	-0.8%