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**MEMORANDUM**

**JBM-C 5-2020**

**Subject:** 2<sup>nd</sup> Quarter Variance Analysis and Forecast to December 31, 2020  
**Date:** August 13, 2020  
**To:** Joint Board of Management, Niagara Region Courts  
**From:** Miranda Van Dyke, Manager, Court Services

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As a result of a recent forecasting exercise undertaken, the following is a summary of the status of the 2020 Court Services budget as of June 30, 2020. The year-to-date variance analysis is attached as **Appendix 1**.

Overall, expenses and revenue look quite different than initially projected for 2020. In addition to the budget impacts related to the COVID-19 pandemic, the 2020 budget includes expenditures and revenues related to the Vision Zero Road Safety program, which includes the automated speed enforcement and red light camera initiatives. The program was projected to launch in 2020 in conjunction with the Transportation Services division, but this work has been delayed as a result of the COVID-19 pandemic. Accordingly, no expenditures are expected to be incurred or revenues realized in 2020. To support the program, the 2020 operating budget included 12 additional FTE's for Court Services, in addition to significant increases in a number of operating expenses. These costs were fully offset in the budget by increased infraction revenue due to the anticipated increase in the volume of charges, so while it does cause variances in the different expense and revenue categories in the operating statements, there will be no net impact on the distribution to the local area municipalities as a result of the delay. Expense and revenue forecast projections for the remainder of 2020 have been adjusted to reflect this change.

Base program revenue from January 1 to June 30, 2020 is under budget year-to-date by 24% overall (excluding budgeted Vision Zero revenue). Due to the COVID-19 pandemic, the courthouse building has been closed to the public and in-person court matters were adjourned from March 16 to September 11, 2020. As a result, there were no convictions for in-person matters and limited matters which were eligible for remote (electronic) proceedings during this time. Although remote Early Resolution guilty pleas

and Judicial Pre-Trial matters were approved to commence effective July 6, the majority of Q2 was spent without the ability to schedule new trials. Another impact to infraction revenue causing the significant decrease is the 28% decrease in new charges laid, compared to January through June 2019. The most significant decrease in charges laid occurred from April to June; however, this was offset by the 12% increase seen in January to March.

Collection efforts have remained ongoing for existing charges outstanding in the system. The Court Services Collections team was successful in securing additional delinquent fine revenue through the review of new and existing property writs and enrollment into the add-to-tax-roll program. The year-to-date delinquent fine revenue was under budget by 4.5%. The ability to maintain a minimal variance in delinquent fine revenue is largely due to several large one-time payments secured through ongoing Collections measures during the COVID-19 pandemic.

Year-to-date base program operational expenditures, including indirect allocations, are under budget overall by 20.7% (excluding budgeted Vision Zero expenses), due to a decrease in adjudication and staffing expenses related to the COVID-19 business continuity planning and the adjournment of all court matters from March 16 to July 3, 2020, in addition to the vacancy management of several positions for the first half of 2020. As part of Niagara Region's business continuity planning, Court Services has been operating with a reduced staff during the pandemic to provide strictly essential services. A reduced team of collections, administration and prosecution staff, in addition to members of the management team, are continuing to accept filings onsite from enforcement agencies, complete essential administrative functions, while also providing customer service to the public via telephone and email. With some staffing resources redeployed to Long Term Care, the salary expenses for those staff during the redeployment period will be charged back to the budgets of the receiving department and fall outside of the responsibility of Court Services. Additionally, a number of staff members are presently out of the workplace on leave (including Infectious Disease Leave which is an unpaid leave related to childcare and caregiver responsibilities during the pandemic) which also contributes to the savings seen in salary expenses.

With the approval to resume some court matters remotely as of July 6, 2020, staff anticipates a slight increase to infraction revenue beginning in Q3; however, all in-person court matters have been adjourned to September 2020. While Court Services continues to operate with reduced staff, reduced court matters and the courthouse

closed to the public, it has been projected that both the revenue and expenses will be less than anticipated for 2020.

**Appendix 2** to this memo is a summary illustrating the forecast of Court Services' revenue and expenses to the end of 2020 based on circumstances at this time. Base program revenue has been forecasted with an unfavourable variance of 28.9% overall, or a deficit of almost \$2.6 million by year-end in line with current revenue trends. Total expenditures are anticipated to show a favourable variance of 22.8% or \$1.85 million, resulting in a net revenue of \$59,256 (\$29,628 for the local area municipalities and \$29,628 for the Region). The final net revenue distribution share to the area municipalities will be dependent on the audited year-end results, which is forecasted to be unfavourable by approximately \$704,790 to the local area municipalities and to the Niagara Region by the same amount as a result of the net reduction in infraction revenue.

**Appendix 3** to this memo is a spreadsheet illustrating the forecast of our distribution to the area municipalities to the end of 2020.

Respectfully submitted and signed by

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Miranda Van Dyke  
Manager, Court Services