
MEMORANDUM

JBM-C 8-2021

Subject: 2nd Quarter Variance Analysis and Forecast to December 31, 2021

Date: August 18, 2021

To: Joint Board of Management, Niagara Courts

From: Miranda Vink, Manager, Court Services

As a result of a recent forecasting exercise undertaken, the following is a summary of the status of the 2021 Court Services budget as of June 30, 2021. The year-to-date variance analysis is attached as **Appendix 1**.

Overall, expenses and revenue look slightly different than initially projected for 2021. In addition to the budget impacts related to the COVID-19 pandemic, the 2021 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 2021. To support the program, the 2021 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 the delayed implementation 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 2021 have been adjusted to reflect this change.

Base program revenue from January 1 to June 30, 2021 is under budget year-to-date by 13% overall (excluding budgeted Vision Zero revenue). Due to the COVID-19 pandemic, the courthouse building was closed to the public during the Stay At Home Order from January 15, 2021 through February 16, 2021. In-person court matters have been adjourned from March 16, 2020, with no resumption date for in-person matters presently set. As a result, there were limited matters which were eligible for remote proceedings at the start of 2021. Although remote Early Resolution guilty pleas, Judicial Pre-Trial, and all other non-trial matters resumed in 2020, the majority of Q1 2021 was

spent without the ability to schedule new trials. As a result of significant efforts on the part of the Court Services team to meet MAG guidelines, Niagara POA Court was however the first in Ontario to commence virtual Part I trials as of April 12, 2021. Another impact to infraction revenue is the rate of new charges laid. For January through June 2021, we saw a 5% increase in charges laid compared to the same time period in 2020. As 2020 was an anomaly year due to the pandemic and 2019 saw a very large increase in charges, it is positive to note that charging trends appear similar to 2018, which was more of a typical year in terms of charging volumes.

Collections efforts have resumed, including but not limited to the suspension of driver's licence, add to tax roll, use of third party collection agencies, and civil enforcement through Small Claims Court. However, Court Services was unable to action any newly delinquent charges until the pause on enforcement pursuant to Provincial and Judicial Orders ended on February 26, 2021. This had implications for what would have been Infraction and Delinquent revenue realized in 2020. However, with enforcement methods having resumed, this revenue has now begun to be realized in 2021 and will add to the overall 2021 gross revenue figures. Driver's license suspensions resumed April 19, 2021 and resulted in a number of payments for delinquent fines as well. The year-to-date delinquent fine revenue is under budget by 9%.

Year-to-date base program operational expenditures, including indirect allocations, are under budget overall by 14% (excluding budgeted Vision Zero expenses), due the adjournment of trials from January 1 to April 11, 2021, in addition to the vacancy management of several positions for Q1 2021.

Considering the commencement of Part I virtual trials in April 2021, and with the approval to commence Part III Trials in September 2021, staff anticipates a continued increase to infraction revenue in Q3 and Q4; however, all in-person court matters continue to be adjourned. While Court Services continues to operate to the extent possible despite the restrictions on in-person matters and with reduced judicial resources, it has been projected that both the revenue and expenses will be less than anticipated for 2021.

Appendix 2 to this memo is a summary illustrating the forecast of Court Services' revenue and expenses to the end of 2021 based on circumstances at this time. Base program revenue has been forecasted with an unfavourable variance (excluding Vision Zero) of 5.4% overall, or a deficit of \$480 thousand by year-end in line with current revenue trends. Total expenditures are anticipated to show a favourable variance (excluding Vision Zero) of 5.5% or \$372 thousand, resulting in a net revenue of

\$1,146,262 (\$573,131 for the local area municipalities and \$573,131 for the Region). The final net revenue distribution share to the area municipalities will be dependent on the audited year-end results, but is forecasted to be unfavourable by approximately \$107 thousand 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 2021.

Respectfully submitted and signed by

Miranda Vink
Manager, Court Services