



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 04-23FFC

TO: Chair and Members of the Finance and Facilities Committee

FROM: Emily Williams, Chief Executive Officer
Dr. Alexander Summers, Medical Officer of Health

DATE: 2023 March 9

PROPOSED REVISED 2023 BUDGET

Recommendation

It is recommended that the Finance and Facilities Committee recommend to the Board of Health to:

- 1) Receive Report No. 04-23FFC re: "Proposed Revised 2023 Budget" for information; and*
- 2) Approve the disinvestments and investments as outlined in Report No. 04-23FFC.*

Key Points

- In response to high levels of uncertainty and significant inflationary pressures (\$897,000), the MLHU introduced new budget planning processes for 2023 which were approved by the Board of Health on October 20, 2022.
- The new budget planning processes included zero-based budgeting for General Expenses and the use of two frameworks to guide decision-making (the Public Health Program Pyramid and Critical Business Infrastructure frameworks).
- Reductions in General Expenses and disinvestments in cell phones and Vector Borne Disease students were previously approved by the Board of Health in November of 2022.
- Zero-based budgeting was expanded to include a review of staffing levels across the health unit.

Background

[Report No. 16-22FFC](#) outlined in detail the funding assumptions and pressures facing the MLHU for the 2023 budget year. Mitigation funding, to offset the proposed changes to cost-sharing between the province and the municipalities, and COVID-19 extraordinary funding have been confirmed by the province; however, information regarding 2023 base funding remains unknown. The Senior Leadership Team (SLT) supported the recommendation of the Chief Executive Officer (CEO) to assume that provincial funding will remain flat to 2022 levels, and that requesting further municipal funding will exceed the planned level of contributions (30%) and is therefore not recommended at this time. Inflationary pressures initially estimated at \$897,000 represent increases to salary/benefit/steps for employee wages and corporate inflation (e.g. Insurance and licensing costs). The budgeting process including a zero-based budgeting technique to review General Expenses, and newly added two frameworks, the Public Health Program Pyramid and Critical Business Infrastructure framework, to guide leaders in determining which programs and services to disinvest. [Report No. 20-22FFC](#) outlined a proposed 2023 budget to the Board of Health (BOH) and approval was received for reductions in general expenses (\$437,217), cell phones (\$12,000) and Vector Borne Disease students (\$31,880). The BOH also directed staff to hold on further disinvestments until provincial funding was known, which was anticipated to be communicated in January of 2023.

2023 Proposed Budget Revisions

Since the previous 2023 Budget Proposal to the BOH in November of 2022, the zero-based budgeting approach was expanded to include a review of staffing levels across the health unit. Additional savings in General Expenses have also been identified, bringing the total savings to \$523,441. In the initial proposed budget, staff recommended decreasing the gapping budget from \$1,500,000 to \$1,200,000; however, given the ongoing challenge in recruiting to vacant positions and with the first quarter almost concluded, staff now recommend only a slight decrease to the gapping budget from 2022 levels.

The Medical Officer of Health (MOH) and the Chief Executive Officer (CEO) re-reviewed the potential reductions in programs and services previously identified through the two frameworks (Public Health Program Pyramid and Critical Business Infrastructure). Sufficient disinvestments have been identified to meet the financial target, but all of them have associated negative impacts to the organization and services provided by the Health Unit to the community of Middlesex-London.

Next Steps

Provincial funding remains unknown and the MLHU is required to submit an approved budget via the Annual Service Plan to the Ministry of Health by April 3, 2023. Staff are recommending including the disinvestments identified by the MOH and CEO in the budget submission. Staff are also recommending monitoring variance funds throughout the year, prior to implementing disinvestments. In the meantime, leadership continues to advocate for additional funding from the province through participation in advocacy groups (alPHA, COMO) and directly with the Ministry of Health Funding and Oversight Branch.

This report was prepared by the Chief Executive Officer.



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