



REPORT NO. 05-22FFC

TO: Chair and Members of the Finance & Facilities Committee

FROM: Emily Williams, Chief Executive Officer

DATE: 2022 March 3

2022 PROPOSED BUDGET

Recommendation

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

- 1) Approve the 2022 Proposed Budget in the gross amount of \$65,310,006 as illustrated in the attached [Appendix A – Budget Summary](#);*
- 2) Forward Report No. 05-22FFC and [Appendix A – Budget Summary](#) to the City of London and the County of Middlesex for information; and*
- 3) Direct staff to submit the 2022 Proposed Budget in the various formats required by the different funding agencies and stakeholders.*

Key Points

- Based on direction from the Ministry of Health, a 1% increase in base funding has been budgeted, along with previous Board-approved increases from the City of London and County of Middlesex. All known funding has been accounted for using actuals and estimates.
- Expenses have been estimated assuming programs will be operational for the full year.
- Board-approved COVID-19 expenses for case and contact management have been included, as well as estimated costs for the vaccine program at 75% of last year's actual. Pandemic-recovery initiatives have also been included.
- There are no contributions to reserves in this budget.
- 2022 budget is an increase of \$1,229,693 from the 2021 budget due to inflationary pressures and incremental PBMA initiatives to address Board priorities.
- Gapping will be used to offset the increase and will be realized through staff vacancies and the delay of some programs restarting.

Background

The 2022 proposed budget serves to allocate funds to various departments that are tasked to deliver programs to meet the *Ontario Public Health Standards: Requirements for Programs, Services and Accountability, 2018*. The budget is intended to improve transparency and accountability of funds disbursed to those staff responsible for delivering services.

The Ministry of Health (MoH) Funding and Oversight Branch provided direction to public health units to budget for a 1% increase in base funding. As well, based on inflationary pressures known at the time, the Board of Health approved requesting increases from the municipalities for the 2022 budget as noted in [Report 22-21FFC-R](#). MLHU staff have included all known sources of revenue in the 2022 budget to enhance transparency and reporting on the status of the Health Unit's financial performance.

2022 Proposed Board of Health Budget

Due to the compressed timelines to create, approve and submit the budget to the Ministry, the budget was created using the following processes:

Salaries and Wages: The detailed work that was performed for the 2021 budget enabled staff to roll forward the staffing requirements for 2022 and add applicable inflation (1.75% as per Collective Agreements). This decision assumed a no-change approach to the programs/services offered. Board-approved PBMA initiatives were then added to this base to develop the 2022 salaries and wages budget.

Benefits: Benefits were negotiated with the Health Unit's insurer prior to the budget completion. Those increases have been included in the 2022 budget (approximately 3.6%).

General Expenses: Includes all expenses except salary, wages, and benefits. These expenses were examined by directors and managers to streamline costs while adjusting for inflation where applicable. Also, where possible, expenses were adjusted to contract obligations and historical actuals to ensure accuracy of expenses.

COVID-19: Costs related to case and contact management were approved as part of the PBMA process (see [Report 22-21FFC-R](#)). Recovery efforts were determined from a zero-based budgeting approach and per MoH direction, were focused on urgent priorities. The costs related to vaccine clinics were difficult to determine due to the uncertainty related with COVID-19 and as such, these costs were calculated using an estimated 75% of the 2021 budget.

Electronic Medical Record (EMR) Implementation: The MoH included an application for funds to support the procurement and implementation of an EMR. MLHU procured an EMR; however, the pandemic delayed its implementation considerably. Staff submitted a request for funds to support the completion of the EMR implementation as part of the 2022 budget.

Gap: Budgeted expenses exceed budgeted funding by \$1,613,768, an increase of approximately \$350,000 from 2021. This has been identified as the gap. This budgeted gap will be met using staff vacancies and/or programs that have delayed restarting.

2022 Annual Service Plan

The Annual Service Plan is required by the MoH and is an exercise whereby the department budgets are transposed into program budgets. The format for the ASP was once again significantly truncated to reduce the narrative component and focus on the financials.

Conclusion

The 2022 proposed budget is \$65,310,006 which represents an increase of \$1,229,693 from the 2021 budget.

This report was prepared by the Finance Team, Healthy Organization Division.

A handwritten signature in cursive script that reads "EWilliams".

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer