



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 042-12

TO: Chair and Members of the Board of Health

FROM: Graham L. Pollett, MD, FRCPC
Medical Officer of Health

DATE: 2012 March 22

2012 REVISED BUDGET UPDATE - MARCH

Recommendation

It is recommended that the Board of Health advise London City Council the final 2012 funding request if for \$ _____.

Background

At the February 16, 2012 Board of Health meeting, Board members were apprised of the actions taken by City Council, sitting as the Strategic Priorities and Policy Committee (SPPC), regarding the Board of Health approved 2012 revised budget (Report 033-12, Budget Update). On February 21, City Council finalized its 2012 budget approval process. In so doing, Council endorsed the 3 resolutions recommended by SPPC as follows:

1. *That the following actions be taken with respect to the 2012 Budget request of the Middlesex-London Health Unit:*
 - a) *the Civic Administration **BE DIRECTED** to submit to the Middlesex-London Health Unit (MLHU) Board, payments in accordance with the Health Protection and Promotion Act (HPPA) in the amounts required by the MLHU Board's notice under section 72 of the HPPA, at the times required by the notice; and*
 - b) *the 2012 Budget be **REVISED** to reflect the payments noted in a) above.*
2. *That the City Treasurer, Chief Financial Officer **BE INSTRUCTED** to consult with the Middlesex- London Health Unit (MLHU) Board with a view to developing a by-law to provide for the form and detail of future estimates and the dates they are to be submitted annually, pursuant to section 290(6) of the Municipal Act, 2001 which addresses the achievement of the 75/25 provincial/municipal cost sharing formula*
3. ***WHEREAS** pursuant to section 7 of the Health Protection and Promotion Act (HPPA) the Minister of Health and Long-Term Care may publish guidelines for the provision of mandatory health programs and services and every board of health shall comply with the published guidelines, and such guidelines shall be transmitted to each board of health and shall be available for public inspection in the Ministry;*

***AND WHEREAS** guidelines were published by the Ministry in 2008 providing for a 75/25 provincial/municipal cost sharing formula;*

***AND WHEREAS** health units could achieve the 75/25 provincial/municipal cost sharing formula by applying increases to provincial funding to reduce the municipal share or by reducing overall costs and applying the cost reduction to the municipal share;*

***AND WHEREAS** the Board of the Middlesex-London Health Unit (MLHU Board) has failed to apply the 75/25 provincial/municipal cost sharing formula and has neither applied increases in provincial funding to reduce the municipal share or reduced overall costs and applied the cost reduction to the municipal share as contemplated by the guideline;*

***AND WHEREAS** the City of London established a target for a reduction in expenditures by its agencies, boards and commissions for 2012 which involved a reduction in the estimates by the MLHU Board of \$496,000 which, if achieved and applied to the municipal cost share, would move the MLHU Board significantly towards the 75/25 provincial/municipal cost sharing formula;*

***AND WHEREAS** the MLHU Board has proposed a reduction of \$100,000 which is to be applied to the municipal share;*

***AND WHEREAS** the Council for the City of London has requested the MLHU Board for a further reduction of its proposed budget in 2012 in accordance with the target established for the MLHU Board to move the MLHU Board towards the 75/25 provincial/municipal cost sharing formula;*

***AND WHEREAS** the MLHU Board has refused to consider any further reductions in its notice of estimates for 2012 and refused to move towards the 75/25 provincial/municipal cost sharing formula;*

***AND WHEREAS** the Minister shall appoint assessors who may carry out an assessment of a board of health under the HPPA;*

***AND WHEREAS** the City of London is desirous that the Minister of Health and Long-Term Care appoint an assessor to carry out an assessment of the MLHU Board pursuant to the provisions of the HPPA;*

***NOW THEREFORE BE IT RESOLVED** that the Minister of Health and Long-Term Care be requested by the Municipal Council of the City of London to cause assessors appointed under section 82 the HPPA to carry out an assessment of the MLHU Board under section 82(3) of the HPPA.*

4. *the Middlesex-London Health Unit (MLHU) **BE REQUESTED** to reduce its budget by an additional \$100K, subject to the MLHU providing information with respect to the potential service implications from the recommended reduction.*

An analysis of each resolution is provided on the following pages.

Resolution 1

That the following actions be taken with respect to the 2012 Budget request of the Middlesex-London Health Unit:

- a) *the Civic Administration **BE DIRECTED** to submit to the Middlesex-London Health Unit (MLHU) Board, payments in accordance with the Health Protection and*

Promotion Act (HPPA) in the amounts required by the MLHU Board's notice under section 72 of the HPPA, at the times required by the notice; and

*b) the 2012 Budget be **REVISED** to reflect the payments noted in a) above.*

Resolution 1 in effect approves the Board of Health 2012 revised budget submission of \$6,095,000. This represents a \$100,000 reduction to the budget initially approved by the Board of Health in October 2011. Section 72(5) of the Health Protection and Promotion Act (HPPA) includes a clause that requires a written funding notice be sent from a board of health to its municipal funders which specifies the time at which payments are to be made as well as the amount of each payment to be made. This notice was given to City Council on January 31, 2012 (Appendix A). Resolution 1 authorizes the transfer of the funds by City Finance staff as per the terms designated in the notice letter.

Resolution 2

*That the City Treasurer, Chief Financial Officer **BE INSTRUCTED** to consult with the Middlesex- London Health Unit (MLHU) Board with a view to developing a by-law to provide for the form and detail of future estimates and the dates they are to be submitted annually, pursuant to section 290(6) of the Municipal Act, 2001 which addresses the achievement of the 75/25 provincial/municipal cost sharing formula.*

Under this resolution, City Finance staff and staff from the Health Unit are to meet over the ensuing months to develop a budget reporting process which will achieve the attainment of a 75/25 provincial/municipal cost sharing formula on a go forward basis. The Resolution indicates that Council may consider approving a bylaw to address this process.

Board members will recall, the 2012 revised approved budget represents a 68/32 provincial/municipal cost sharing arrangement. City Council had directed the Board of Health to begin in 2012, a 3 year process which would result in a 75/25 split. This would have required a \$500,000 reduction in 2012 and a further \$500,000 reduction in 2013 as well as 2014. These reductions would be compounded by Middlesex County Council proportionately reducing their funding for each of the 3 years, resulting in a total budget reduction of approximately \$2.2 million. While not specified in Resolution 2, it is implied that the 75/25 cost sharing arrangement is to be achieved in no less than 3 years.

For this year's budget, the Board of Health took the position that it would continue with its business plan which calls for a 0 % increase from each municipal funder until the 75/25 cost sharing arrangement is achieved through annual provincial increases. This is not expected to occur before 2023.

In light of the direction specified in Resolution 2, the Board of Health must decide whether it will continue with the implementation of the 2005 business plan approach (i.e. continue to request a 0% increase from City and County Councils until a 75/25 cost sharing arrangement is achieved) or move in an expedited manner toward the 75/25 cost sharing arrangement. In order to inform the bylaw consultation meetings called for in Resolution 2, this decision should be made well in advance of the 2013 City budget cycle which begins in September.

Resolution 3

***WHEREAS** pursuant to section 7 of the Health Protection and Promotion Act (HPPA) the Minister of Health and Long-Term Care may publish guidelines for the provision of mandatory health programs and services and every board of health shall comply with the published guidelines, and such guidelines shall be transmitted to each board of health and shall be available for public inspection in the Ministry;*

***AND WHEREAS** guidelines were published by the Ministry in 2008 providing for a*

75/25 provincial/municipal cost sharing formula;

AND WHEREAS *health units could achieve the 75/25 provincial/municipal cost sharing formula by applying increases to provincial funding to reduce the municipal share or by reducing overall costs and applying the cost reduction to the municipal share;*

AND WHEREAS *the Board of the Middlesex-London Health Unit (MLHU Board) has failed to apply the 75/25 provincial/municipal cost sharing formula and has neither applied increases in provincial funding to reduce the municipal share or reduced overall costs and applied the cost reduction to the municipal share as contemplated by the guideline;*

AND WHEREAS *the City of London established a target for a reduction in expenditures by its agencies, boards and commissions for 2012 which involved a reduction in the estimates by the MLHU Board of \$496,000 which, if achieved and applied to the municipal cost share, would move the MLHU Board significantly towards the 75/25 provincial/municipal cost sharing formula;*

AND WHEREAS *the MLHU Board has proposed a reduction of \$100,000 which is to be applied to the municipal share;*

AND WHEREAS *the Council for the City of London has requested the MLHU Board for a further reduction of its proposed budget in 2012 in accordance with the target established for the MLHU Board to move the MLHU Board towards the 75/25 provincial/municipal cost sharing formula;*

AND WHEREAS *the MLHU Board has refused to consider any further reductions in its notice of estimates for 2012 and refused to move towards the 75/25 provincial/municipal cost sharing formula;*

AND WHEREAS *the Minister shall appoint assessors who may carry out an assessment of a board of health under the HPPA;*

AND WHEREAS *the City of London is desirous that the Minister of Health and Long-Term Care appoint an assessor to carry out an assessment of the MLHU Board pursuant to the provisions of the HPPA;*

NOW THEREFORE BE IT RESOLVED *that the Minister of Health and Long-Term Care be requested by the Municipal Council of the City of London to cause assessors appointed under section 82 the HPPA to carry out an assessment of the MLHU Board under section 82(3) of the HPPA.*

Section 82, subsections 1 to 3 inclusive, of the Health Protection and Promotion Act read as follows:

(1) *The Minister shall appoint assessors for the purposes of this Act. 1997, c. 30, Sched. D, s. 11.*

Written appointment

(2) *An appointment under subsection (1) shall be in writing. 1997, c. 30, Sched. D, s. 11.*

Assessment

(3) *An assessor may carry out an assessment of a board of health for the purpose of,*

(a) ascertaining whether the board of health is providing or ensuring the provision of health programs and services in accordance with sections 5, 6 and 7, the regulations and the guidelines;

- (b) *ascertaining whether the board of health is complying in all other respects with this Act and the regulations; or*
- (c) *assessing the quality of the management or administration of the affairs of the board of health. 1997, c. 30, Sched. D, s. 11.*

From the recitals of Resolutions 3, it would appear City Council is requesting the appointment of an assessor (s) to undertake an assessment of the Board of Health because the Board did not move toward the 75/25 provincial/municipal cost sharing arrangement in the manner specified by City Council. The Honourable Deb Matthews, Minister of Health and Long-Term Care, using the criteria specified in Section 82(3), will make a determination whether or not appointment of an assessor is warranted for this reason. A meeting involving Board Chair Ms. Viola Poletes Montgomery and the Medical Officer of Health was held March 9th. Minister Matthews indicated her written decision would be issued shortly. Attached as Appendix B is a copy of the letter from the Minister to His Worship Joe Fontana advising she will not be appointing an assessor to conduct and assessment of the Board of Health as requested by City Council.

While the focus of Resolution 3 is the cost sharing arrangement, two themes emerged during Council's deliberations which contributed to the passage of this Resolution. These were:

(i) **Organizational Structure**

The first of these concerns the Health Unit's organizational structure. Council members commented that the Health Unit's management structure is not as streamlined as it could be. The basis for this perception was not clearly articulated. However, it was stated that management restructuring could assist the Board of Health to achieve municipal funding savings.

(ii) **Funding and Financial Oversight**

The second theme concerns the financial status of the Board of Health, in particular the monitoring by the Board of its allocated fiscal resources. A number of Councillors expressed a view that the Board of Health received more funding than needed to fulfill its mandate and consequently the City's level of municipal funding could be reduced without impacting service delivery. This perception persisted throughout the budget process and is reflected in the passage of Resolution 4.

Related to the funding perception, questions were raised regarding the level of fiscal oversight undertaken by the Board. It was implied that the Board is not provided by staff with sufficient and timely budget information to enable prudent budgetary monitoring. This situation may have been influenced by a request to the Medical Officer of Health for budget information from a City Council member of the Board. This request had been sent to an incorrect email address. The error was recognized and corrected but only after the February 21st City Council budget meeting.

Resolution 4

*The Middlesex-London Health Unit (MLHU) **BE REQUESTED** to reduce its budget by an additional \$100K, subject to the MLHU providing information with respect to the potential service implications from the recommended reduction.*

As explained in Resolution 1 above, City Council approved the Board of Health 2012 revised budget request of \$6,095,059. In spite of this, Council took the unusual step of requesting the Board of Health to further reduce its 2012 City funding request by \$100,000. This would be a further permanent reduction to the base budget. It is important that the Board decides how it wishes to address this request.

Next Steps

Based on the analysis for each Resolution highlighted above, there are a number of items requiring Board of Health consideration. These are as follows:

- 1) Determining a response to the City Council request for an additional \$100,000 reduction to the approved 2012 City funding submission.
- 2) Determining the status of the 2005 Board of Health Business Plan in advance of the 2013 budget cycle.
- 3) Reviewing existing Board of Health financial monitoring practices to determine if the level of fiscal oversight requires change.
- 4) Reviewing the current management organizational structure to determine if the model in place effectively balances administrative needs and financial resources.

An important factor which will influence the Board's decision-making is the level of provincial funding this Health Unit receives. The provincial budget will be brought down on March 29, 2012. Historically, Health Units have learned of their specific provincial funding levels in late summer, early fall of the operating year in question.

Graham L. Pollett, MD, FRCPC
Medical Officer of Health