



TO: Chair and Members of the Board of Health

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

DATE: 2012 May 17

2013 CITY OF LONDON BUDGET TARGET

Recommendation

It is recommended that the Board of Health determine the status of the 2005 Business Plan approach as it relates to the development of the 2013 budget.

Background

The City of London has initiated its 2013 budget process by recommending budget targets for the City departments and external Boards and Commissions who receive City funding. This report provides an update on this process.

On March 22, 2012, the Board reviewed and finalized the municipal contribution amounts for the 2012 operating year for Health Unit programs which are cost-shared between the Province of Ontario, City of London, and the County of Middlesex. Attached as [Appendix A](#), is report No. 042-12 re 2012 Revised Budget Update – March which summarizes the outcomes and issues of the 2012 budget process for cost-shared programs. In this report staff highlighted the next steps that the Board of Health should consider. One of the items was to determine the status of the 2005 Board of Health Business Plan in advance of the 2013 budget cycle. Basically, the Board needs to determine if this plan is to continue as originally approved or is it to be modified to achieve an expedited 75/25 cost-sharing arrangement with the municipalities.

Also attached as [Appendix B](#), is report No. 053-11 re 2012 City of London Budget Target which provides a historical account of changes in funding for cost-shared programs. [Appendix C](#) highlights the current cost sharing arrangements for Ontario public health units.

2013 City of London Budget Target

On April 30th, Board member, Ms. Pat Coderre, and Mr. John Millson, Director, Finance & Operations, attended City Council's Strategic Priorities and Policy Committee (SPPC) meeting. The SPPC is comprised of all City Council members including the Mayor who is Committee Chair. At this meeting City staff recommended 2013- 2017 Operating Budget Targets for Civic Departments and Boards & Commissions. The recommended targets would achieve an overall 3.8% increase to property taxes in 2013.

In the report, the recommended 2013 target for the Board of Health is a \$250,000 decrease in City funding which represents a reduction of -4.1%. The following excerpt from the City staff report describes the target and suggests a 5 year phase-in period to achieve a desired 75/25 provincial/municipal funding split:

“Middlesex London Health Unit: -4.1% target, it being noted that a -4.1% target represents a reduction of \$250,000 for the municipality and represents an accelerated phase in approach to a 75/25 provincial/municipal funding split. NOTE: assuming the Province provides a 2% increase in the Health Unit allocation; the anticipated overall budget for the MLHU would be frozen at 0%.”

Budget Impact

Table I below summarizes the financial impact of the City of London’s proposed 2013 funding reduction to the Board of Health. It assumes a 2% provincial grant increase.

Table I – 2013 City of London Proposed Budget Target Impact

	Total	Province (1)	City	County
2012 Cost-Shared Programs	\$ 23,040,166	\$ 15,784,146	\$ 6,095,059	\$ 1,160,961
2013 Cost-Shared Target	23,047,492	16,089,091	5,845,059	1,113,342
Increase/(Decrease)	\$ 7,326	\$ 304,945	\$ (250,000)	\$ (47,619)

As can be seen, a \$250,000 City funding decrease will result in a County reduction of \$47,619 for a combined municipal funding reduction of \$297,619. A 2% provincial grant increase would provide an additional \$304,945 funding. The net impact is an increase of \$7,326 or effectively a 0% increase over the 2012 funding level.

The final outcome of the SPPC meeting held on April 30th was agreement by Committee Members to work towards a 0% property tax increase. No budget targets were actually approved at this meeting. Instead, City staff members were asked to report back in June regarding implications of three budget scenarios, namely a 0%, 2.0%, and a 3.8% property tax increase. Boards and Commissions were also requested to be part of this report.

It remains unclear what the impact to the Board of Health will be in terms of the three budget scenarios. That is, the initially proposed City staff Board of Health target was predicated on a 3.8% property tax increase. It is not known if the -4.1% reduction is to be the same or greater under the 2.0%, 0% property tax scenarios.

Board of Health 2013 Funding Decision

The Board of Health has legislative responsibility under the Health Protection & Promotion Act for the administration and governance of the Health Unit. The Act further stipulates under Section 72, that it is the Board of Health which establishes the funding required to cover “the expenses incurred by or on behalf of the board of health of the health unit in the performance of its functions and duties under this or any other Act”. The same Section stipulates that designated municipal funders (i.e., City of London, County of Middlesex) are required to pay their share of the Board approved funding requirements ([Appendix D](#)).

Consequently, while the Municipal funders can set targets for the Board, the final decision as to budget requirements rests with the Board of Health.

It is therefore essential that the Board of Health determine its approach to the development of the 2013 budget. That is, does the Board intend to continue with the 2005 business plan which calls for a 0% municipal funding increase until a 75/25 cost sharing ratio is achieved or move in an expedited manner to achieve a 75/25 cost sharing arrangement.

Mr. John Millson, Director, Finance & Operations, will be in attendance at the May 17th Board of Health meeting and will provide an update in regards the City's 2013 budget target setting process.

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

<p>This report addresses Policy No. 4-10 (Budget Preparation and Approval) as outlined in the MLHU Administration Policy Manual.</p>
