



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 20-22FFC

TO: Chair and Members of the Finance and Facilities Committee

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

DATE: 2022 November 3

PROPOSED 2023 BUDGET

Recommendation

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

- 1) Approve the savings identified from the General Expense zero-based budgeting review in the amount of \$437,217;*
- 2) Approve the disinvestments in cell phones and students in the Vector Borne Disease Program; and*
- 3) Advise no further changes in programs and services until 2023 provincial base funding amounts are known.*

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 20th, 2022.
- The new budget planning processes included the introduction of 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).
- Program Budgeting Marginal Analysis (PBMA) is insufficient to meet the needs of the organization for budget planning purposes, and reductions in programs and services will be required if no further funding is received by 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 will not be available until early in the new year. 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 (\$896,000) and other pressures, including the need to reduce the organizational gapping budget, add to a total organizational financial pressure of \$1,200,000 for 2023. A revised budget process was introduced, including a zero-based budgeting technique to review General Expenses, and two frameworks, the Public Health Program Pyramid and Critical Business Infrastructure framework, to guide leaders in determining which programs and services to disinvest.

2023 Proposed Budget

The zero-based budgeting review of General Expenses yielded savings of \$437,217. The budgeted amounts are aligned to historical actual spending and were adjusted in response to requests from the SLT. Reductions occurred across the organization, with the largest decreases in supplies, professional development funds, and program dollars. Other disinvestments include a planned reduction in cell phone usage (\$12,000), based on current utilization rates, and decreasing the number of summer students working in the Vector Borne Disease (VBD) program (\$22,000).

These disinvestments reduced the overall target to \$815,992. The two frameworks (Public Health Program Pyramid and Critical Business Infrastructure) were then applied by the respective leadership teams to identify potential reductions in programs and services. The SLT then reviewed these from a feasibility and impact perspective, including a review of the risk factors previously included in the PBMA process. 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 is anticipated to be known in January 2023 which will heavily influence the outcome of the 2023 budget planning process. Staff are recommending implementation of the savings yielded from the zero-based budgeting process, reducing the amount of cell phones in the organization, and decreasing the number of students working in the VBD program in 2023. Staff are also recommending waiting for the funding announcement from the province prior to implementing any further changes to programs and services. In the meantime, leadership continues to advocate for additional funding from the province through participation in advocacy groups (alpha, COMOH) and directly with the Ministry of Health Funding and Oversight Branch.

This report was prepared by the Chief Executive Officer.



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



Alexander Summers MD, MPH, CCFP, FRCPC
Medical Officer of Health