



TO: Chair and Members of the Finance and Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 September 4

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## PROPOSED CRITERIA FOR THE 2015 BUDGET PROCESS

### **Recommendation**

*It is recommended that the Finance and Facilities Committee endorse the revised weightings of the PBMA Criteria as proposed in this report.*

### **Key Points**

- MLHU is preparing for its second year of the PBMA criteria-based budgeting process.
- The original criteria and weightings were developed by the Board of Health and Senior Leadership Team in 2013 for the 2014 budget.
- Minor refinements to the criteria and updated weights are being recommended based on a review by the Senior Leadership Team, staff consultations and feedback from the Non-Union Management team and a working group of the Strategic Planning Advisory Committee.
- The Board of Health will have the opportunity to fully discuss and approve all proposals and budgetary decisions that are made through the PBMA process.

### **Background**

Program-Based Marginal Analysis (PBMA) is a criteria-based budgeting process that facilitates reallocation of resources based on maximizing service impact. This is done by transparently applying pre-defined criteria to prioritize where proposed funding disinvestments and investments are made. Finance and Facilities Committee members will recall recommending MLHU use Program-Based Marginal Analysis (PBMA) as part of the 2014 budget development process (see [Report No. 094-13](#)).

A key stage in preparation for using PBMA is identifying and weighting the process criteria (see [Report No. 117-13](#) for the report on this stage from last year).

### **Proposed Criteria & Weightings**

The next step in the PBMA process is to confirm the refined criteria and updated weightings. The refined criteria and updated weights are based on the 2014 PBMA process and reflect input from the Senior Leadership Team, Managers and the Strategic Plan Advisory Committee. ([see Appendix A](#))

Feedback was received regarding the clarity of language surrounding the following criteria: (8) Community Capacity, (9) Collaboration / Partnerships, and (11) Organizational Risks / Benefits – Implementation. During review, the Senior Leadership Team updated the criteria descriptions to reflect these comments.

Upon review of the weighting, it was also determined that Directors and Managers had experienced double weighting, a scenario where certain values factored into two criteria and were weighted twice. A particular example of this was with (1) Legislative Requirement and (10) Organization Risk / Benefits – Reputation / Litigation. In this example, changes that would have a major impact on ability to meet legislative requirements would also have a major risk to reputation / of litigation. In order to rectify this scenario, it is proposed that (1) Legislative Requirements and (10) Organization Risk / Benefits – Reputation / Litigation have a reduced weighting.

To counterbalance the reduced weighting for the above criteria, it is also proposed that values identified during the strategic plan staff consultations, ([Appendix B](#)) be reflected with an increased weighting for (9) Collaboration and (12) Organization Risk / Benefits – Culture.

The total weight of all the criteria must add up to 100%

<u>Criteria</u>	<u>Weight</u>	<u>Change</u>
1. Legislative Requirements	14%	↓1%
2. Other Requirements – Alignment	6%	
3. Health Need – Burden of Illness	7%	
4. Health Need – SDOH	8%	
5. Impact – Burden of Illness	14%	
6. Impact – SDOH	14%	
7. Impact – Customer Service	11%	
8. Community Capacity	4%	
9. Collaboration / Partnership	7%	↑1%
10. Organizational Risks / Benefits – reputation / litigation	7%	↓1%
11. Organizational Risks / Benefits – implementation	3%	
12. Organizational Risks / Benefits – culture	5%	↑1%
Total	100%	

## Next Steps

The criteria and weightings will be applied to developing proposals for additional resource investment and disinvestment within the Health Unit. Each resource investment/disinvestment proposal is rated against these criteria and given a score that reflects the extent to which it maximizes value of those resources to the community. The areas for potential investment/disinvestment will be presented to the Board at a future meeting, and approved proposals will be incorporated into the 2015 budget for Board of Health approval.

This report was prepared by Mr. Jordan Banninga, Manager of Strategic Projects.



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