



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 October 2

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## 2015 BOARD OF HEALTH BUDGET – FINANCIAL PARAMETERS

### **Recommendation**

*It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health on budget targets for the 2015 Board of Health budget.*

### **Key Points**

- On September 18<sup>th</sup> the Board of Health approved changes to the Program Marginal Budget Analysis (PBMA) criteria weightings for developing the 2015 Board of Health budget.
- Financial parameters are also required in developing the budget.

### **Background**

In the health system, it is generally accepted that resources are scarce. That is, there are not enough resources available to meet all the claims on those resources. This concept is built into the Board of Health's budget process by using the Program Budget Marginal Analysis (PBMA) process. The PBMA process is a criteria-based budgeting process that facilitates reallocation of resources based on maximizing service impact. At the September 18<sup>th</sup> meeting the Board approved revised weightings of the criteria as explained in [Report No. 033-14FFC](#), re: "Proposed Criteria for the 2015 Budget Process".

### **2015 Budget – Financial - Parameters**

Developing high level planning parameters is an integral part of any budget development process. They help guide and inform planning and resource allocation decisions. Ideally the parameters should be linked to the organization's strategic direction. The City of London's 2015 budget is being developed to maintain existing service levels. All Departments and Boards & Commissions have been provided this direction except for the Middlesex-London Health Unit, which has been asked to submit a 0% request over its 2014 appropriation level. For the purpose of developing a draft 2015 Board of Health budget, the following three financial planning parameters are being considered:

1) 0% municipal funding increase

This parameter is consistent with the Board's strategic decision made in 2005 to maintain the level of municipal investment and use provincial grant increases to maintain and or enhance public health programs and services in Middlesex-London. Given this parameter along with the expectation of little to no growth in provincial grants, the Health Unit will need to explore administrative and program efficiencies to maintain or lessen the impact on services to the community.

2) 1.4% increase in municipal funding

This planning parameter will provide assistance with expected inflationary pressures on existing public health programs and services and mitigate impacts on programs due to expected reductions in provincial

funding. However, it is not consistent with the Board of Health's approach taken since 2005 as explained above, nor is it consistent with City staff's 2015 request of 0% for the Board of Health.

3) Other - as directed by the Finance & Facilities Committee

The Committee may wish to examine and/or recommend other options at the October 2<sup>nd</sup> meeting.

## **Conclusion**

Developing high level planning parameters is an integral part of any budget development process. They help guide and inform planning and resource allocation decisions and prioritize options for management to bring forward recommendations to the Finance and Facilities Committee and the Board of Health.

This report was prepared by Mr. John Millson, Director of Finance & Operations.



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