

AGENDA
MIDDLESEX-LONDON BOARD OF HEALTH
Finance and Facilities Committee

50 King Street, London
Middlesex-London Health Unit – Room 3A
Thursday, November 1, 2018 9:00 a.m.

1. DISCLOSURE OF CONFLICTS OF INTEREST

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES – September 6, 2018

4. NEW BUSINESS

4.1 Q3 Financial Update and Factual Certificate (Report No. 038-18FFC)

4.2 Cyber Insurance (Report No. 039-18FFC)

4.3 Location Project - Source of Financing (Report No. 040-18FFC)

4.4 Enterprise Resource Planning - Financial System Update (Report No. 041-18FFC)

4.5 Mobile Device Services Contract Extension (Report No. 042-18FFC)

4.6 Middlesex-London Health Unit Be Well Program Update (Report No. 043-18FFC)

4.7 Proposed Resource Reallocation for the 2019 Budget (Report No. 044-18FFC)

4.8 Great-West Life Benefits Renewal Update (Report No. 045-18FFC)

4.9 Enterprise Resource Planning – Human Capital Management Update (Report No. 046-18FFC)

5. OTHER BUSINESS

5.1 Next meeting Thursday, December 6, 2018 at 9:00 a.m. Room 3A

6. ADJOURNMENT



PUBLIC MINUTES
FINANCE & FACILITIES COMMITTEE
50 King Street, London
Middlesex-London Health Unit
Thursday, September 6, 2018, 9:00 a.m.

MEMBERS PRESENT: Ms. Trish Fulton (Chair)
Ms. Tino Kasi
Mr. Marcel Meyer
Ms. Joanne Vanderheyden

REGRETS: Mr. Jesse Helmer

OTHERS PRESENT: Dr. Christopher Mackie, Secretary-Treasurer
Dr. Alexander Summers, Associate Medical Officer of Health
Ms. Elizabeth Milne, Executive Assistant to the Board of Health and Communications Coordinator (Recorder)
Ms. Laura Di Cesare, Director, Healthy Organization
Mr. Brian Glasspoole, Manager, Finance
Mr. Joe Belancic, Manager, Procurement and Operations
Ms. Kendra Ramer, Manager, Strategic Projects
Mr. Stephen Turner, Director, Environmental Health and Infectious Diseases

Chair Fulton called the meeting to order at 9:01 a.m., and welcomed Dr. Summers to his first FFC meeting.

DISCLOSURES OF CONFLICT(S) OF INTEREST

Chair Fulton inquired if there were any disclosures of conflicts of interest. None were declared.

APPROVAL OF AGENDA

It was moved by Mr. Meyer, seconded by Ms. Vanderheyden, *that the **AGENDA** for the September 6, 2018 Finance & Facilities Committee meeting be approved.*

Carried

APPROVAL OF MINUTES

It was moved by Ms. Kasi, seconded by Ms. Vanderheyden, *that the **MINUTES** of the July 5, 2017 Finance & Facilities Committee meeting be approved.*

Carried

NEW BUSINESS

4.1 Q2 Financial Update and Factual Certificate (Report No. 033-18FFC)

Mr. Glasspoole introduced the report and provided context, noting the increase in one-time funding the Health Unit received from the Ministry (totalling \$480,000 for 2018). Mr. Glasspoole noted that there are no significant variances, and advised that MLHU is tracking according to budget, with \$476,000 of the expected gapping identified, compared with the \$466,000 predicted for Q1 and Q2.

Discussion ensued on the following items:

- Fluctuating variances throughout the year, what factors contribute to gapping, and how to forecast and prepare for anticipated gapping in the future.
- How anticipated gapping is currently built into the forecast.
- That the source of gapping is often related to nursing positions, and that the strategy brought forward in June to consider the judicious over-hiring of Public Health Nurses would assist with addressing this issue.
- Whether a budget summary paragraph could be included with the budget, why gapping continues to occur, and what it means in terms of the budget.
- Reallocation of funds accrued through variance and gapping to other areas.
- That most public sector organizations reallocate through a quarterly variance process, and that MLHU will continue to find additional examples to support the process of reallocating variance funds.

Ms. Vanderheyden declared a potential perceived conflict of interest with regard to item 10 of the Factual Certificate, as she currently sits on the Western Fair board of directors. She abstained from the vote.

It was moved by Ms. Kasi, seconded by Mr. Meyer, *that the Finance & Facilities Committee receive and recommend that the Board of Health approve Report No. 033-18FFC re: "Q2 Financial Update and Factual Certificate."*

Carried

4.2 Middlesex-London Health Unit – March 31 Draft Financial Statements (Report No. 034-18FFC)

Mr. Glasspoole introduced the report and provided context, walking the Committee through the Consolidated Financial Statements (attached as Appendix A). On the audit report, Mr. Glasspoole flagged the note regarding tangible assets and how they are effectively capitalized, and noted that MLHU will conform to the auditor's recommendation on reporting of capitalized assets.

Discussion ensued on how large an item has to be in order to be considered a tangible capital asset, the equipment in question regarding the Health Unit's reporting of tangible capital assets, and how conforming to the auditor's recommendations for 2019 will also help with compliance in filing financial statements with the Ministry.

It was moved by Mr. Meyer, seconded by Ms. Vanderheyden, *that the Finance & Facilities Committee receive report No. 034-18FFC, and recommend that the Board of Health approve the audited Consolidated Financial Statements for the Middlesex-London Health Unit, March 31, 2018.*

Carried

4.3 Location Project – Status Update (Report No. 035-18FFC)

Ms. Ramer introduced the report and summarized the four main deliverables outlined in it.

Discussion ensued on the following items:

- That the build schedule will not be expedited, due to increased costs.
- The timeline for the move: currently about 14–15 months, based on the architectural projections.
- That the Health Unit's current landlord will be notified about timeline estimates throughout the process.

It was moved by Mr. Meyer, seconded by Ms. Kasi, *that the Finance & Facilities Committee receive Report 035-18FFC re: "Location Project – Status Update" be received for information.*

Carried

4.4 Location Project – Architectural Services (Report No. 036-18FFC)

Mr. Belancic introduced the report and provided background on the discussions that helped inform it, including negotiations with the architect regarding the cost of the contract, and ensuring that architectural work performed aligns with previously completed space needs assessments, budgets, and the scope of services required by MLHU.

Discussion ensued on the following items:

- The cost of retrofit versus new-build architectural services, and that MLHU was able to negotiate retrofit costs associated with this work to a favourable level.
- That, in requesting a single source for architectural services, MLHU is not in a position of conflict because the lease agreement specifically indicates the scope of work required for Citi Plaza; therefore, there is no overlapping work.
- The third-party review, which was completed to ensure that moving forward with a single-source contract was fiscally responsible.
- Clarification that the landlord has not asked MLHU to use their architect, but rather provided this as an option when MLHU was exploring opportunities to reduce costs and timelines.
- That this architect was selected to mitigate future financial risk should the Health Unit be required to vacate 50 King Street before the new location is ready for move-in.
- That the cost of the single-source contract is favourable given current market conditions and the third-party confirmed that the contract was lower than industry standards.
- That the single-source contract is in line with the Health Unit's non-competitive procurement policy, which indicates that if MLHU seeks specific expertise, a recommendation to single-source the work required may be made to the Board.
- That, given the architect's expertise and experience with the facility, it may be possible to commence and complete the work faster.
- The approximate overall cost of the build: about \$5 million.
- That staff will include further information in a revised version of this report, before it is brought to the Board of Health on September 20.

It was moved by Ms. Vanderheyden, seconded by Ms. Kasi, *that the Finance & Facilities Committee:*

- 1) *Receive Report 036-18FFC re: "Location Project – Architectural Services" for information; and*
- 2) *Seek approval from the Board of Health to enter into a single-source contract with Endri Poletti Architect Inc. for the purpose of providing architectural services at Citi Plaza.*

Carried

4.5 Location Project – Project Management Services (Report No. 037-18FFC)

Mr. Belancic introduced the report and provided context, explaining the competitive process, and the justification for entering into a contract with BES Project Management.

Discussion ensued on the following item:

- How many quotes the Health Unit received for this work, and that the Committee would like to see additional information included in future reports (such as the fact that three tenders were issued before arriving at a recommendation to contract with BES Project Consulting).

It was noted that staff would revise this report to reflect the points raised by Mr. Meyer before it is brought to the Board for consideration on September 20.

It was moved by Mr. Meyer, seconded by Ms. Kasi, *that the Finance & Facilities Committee:*

- 1) *Receive Report No. 037-18FFC: "Location Project – Project Management Services" for information; and*
- 2) *Recommend that the Board of Health approve entering into a contract with BES Project Consulting for the purpose of providing construction project management services at Citi Plaza.*

Carried

OTHER BUSINESS

Dr. Mackie provided the Committee with a verbal update regarding workload distribution on Board of Health standing committees. He also advised that staff will be bringing forward, via the Governance Committee in September, a recommendation to develop an ad hoc Facilities Committee, which would see the location project through to completion and help to convey information appropriately to the Board of Health throughout the process.

The next Finance & Facilities Committee meeting will take place on October 4, at 9:00 a.m.

The Board of Health meeting will take place on September 20.

ADJOURNMENT

At 10:03 a.m., it was moved by Mr. Meyer, seconded by Ms. Kasi, *that the meeting be adjourned.*

Carried

At 10:03 a.m., Chair Fulton *adjourned the meeting.*

TRISH FULTON
Chair

CHRISTOPHER MACKIE
Secretary-Treasurer



TO: Chair and Members of the Finance & Facilities Committee
FROM: Christopher Mackie, Medical Officer of Health / CEO
DATE: 2018 November 1

Q3 FINANCIAL UPDATE AND FACTUAL CERTIFICATE

Recommendation

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

- 1) Receive Report No. 038-18FFC re: “Q3 Financial Update and Factual Certificate” for information; and*
- 2) Approve the allocation of surplus to mitigate costs related to relocation project expenses and the Electronic Client Records project.*

Key Points

- The 2018 approved budget assumes a zero-percent increase in Mandatory Programs funding from the Ministry of Health and Long-Term Care (MOHLTC).
- On May 7, 2018, the Board of Health received the provincial grant approvals for 2018, which included an increase to base funding totaling \$484,000. This increase is now reflected in the revised budget for 2018.
- To the extent that favourable spending arises during the year in excess of the planned gapping adjustment, it is recommended that the variance is allocated to relocation project expenses and to the implementation of Electronic Client Records (ECR).
- Included in the financial update is a signed factual certificate, which provides assurance that financial and risk-management functions are being performed.

Background

The Board of Health approved the 2018 MLHU operating budget on February 15, 2018 ([Report No. 005-18FFC](#)). On May 7, 2018, the Board received the provincial grant approvals for 2018, which included an increase to base funding totaling \$484,000. This increase is now reflected in the revised budget for 2018.

Financial Highlights

The Budget Variance Summary—which provides budgeted and actual expenditures for the first nine months of 2018, and projections to the end of the operating year for the programs and services governed by the Board of Health—is attached as [Appendix A](#). Based on detailed estimates of spending to occur over the remainder of the year within the revised budgets, a year-end surplus of \$115,297 is projected. It is recommended that a portion of this surplus be allocated to relocation project expenses as required and that up to \$110,000 be allocated to Electronic Client Records (ECR). The \$110,000 would be used to purchase fifty licenses, which are required to continue the extensive project development work already underway on this strategic initiative.

Factual Certificate

A factual certificate, attached as [Appendix B](#), is to be signed by Health Unit staff responsible for ensuring that certain key financial and risk-management functions are being performed to the best of their knowledge. The certificate is revised as appropriate on a quarterly basis and submitted with each financial update.

This report was prepared by the Healthy Organization Division.

A handwritten signature in black ink, appearing to read 'C. Mackie'.

Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

NET BUDGET VARIANCE SUMMARY

As at September 30, 2018

	Q3 YTD ACTUAL (NET)	Q3 YTD BUDGET (NET)	VARIANCE (OVER) / UNDER	% VARIANCE	DECEMBER FORECAST	2018 BUDGET REVISED	DECEMBER SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Environmental Health & Infectious Disease Division									
Office of the Director	\$ 200,316	\$ 208,707	\$ 8,391	4.0%	\$ 276,276	\$ 278,276	\$ 2,000	0.7%	Favourable spending on office supplies \$1,000 and meeting costs \$1,000
Emergency Management	111,847	173,488	61,641	35.5%	182,423	\$ 231,317	\$ 48,894	21.1%	Variances in salaries & wages \$9,191 and benefits (\$797) due to delay to hire department manager partly offset by additional casual labour costs for needle recovery and lower anticipated program supplies \$30,000 and program costs \$10,500.
Food Safety & Healthy Environments	1,284,046	1,346,083	62,037	4.6%	1,780,277	\$ 1,794,777	\$ 14,500	0.8%	Favourable spending in travel \$5,000, higher than planned food handler revenues \$5,000, lower than planned spending for program supplies \$2,500 and other program costs \$2,000.
Infectious Disease Control	1,248,011	1,329,217	81,207	6.1%	1,756,289	\$ 1,772,289	\$ 16,000	0.9%	Favourable spending on salaries \$13,000 and benefits \$4,000 partly offset by higher cost of program supplies, notably inspection certificates (\$1,000).
Safe Water, Rabies & Vector-Borne Disease	979,058	1,027,460	48,402	4.7%	1,369,946	\$ 1,369,946	\$ -	0.0%	No anticipated variance by year-end
Sexual Health	1,929,798	2,022,461	92,663	4.6%	2,618,731	\$ 2,696,615	\$ 77,884	2.9%	Revenues will be \$38,539 higher than planned, including STI revenue \$29,000, revenue from MMT Workshop \$3,539. Favourable spending in salaries and wages related to gapping are \$52,000. These are partly offset by higher program supplies (\$12,800) for HIV related expenditures..
Vaccine Preventable Disease	1,038,467	1,107,366	68,899	6.2%	1,471,988	\$ 1,476,488	\$ 4,500	0.3%	Favourable spending in salaries wages & benefits \$41,000 and program supplies \$22,500 due to lower purchases of vaccines largely offset by reduced revenues (\$61,000) from discontinued sale of Tubersol and shingles vaccine.
Total Environmental Health & Infectious Disease Divisio	\$ 6,791,542	\$ 7,214,782	\$ 423,240	5.9%	\$ 9,455,930	\$ 9,619,708	\$ 163,778	1.7%	
Healthy Living Division									
Office of the Director	\$ 144,115	\$ 192,983	\$ 48,868	25.3%	\$ 205,435	\$ 257,311	\$ 51,876	20.2%	Favourable spending in salaries \$29,347 and benefits \$8,628 due to delay to hire Admin Assistant position. Additional savings in travel \$2,900, program supplies \$4,000, staff development \$1,500 and professional services
Child Health	995,555	1,221,876	226,321	18.5%	1,446,743	\$ 1,629,168	\$ 182,425	11.2%	Favourable spending in salaries \$130,000 and benefits \$33,000 due to delay to hire full time PHN and other vacancies. Additional savings related to travel \$4,000 staff development \$11,225 and program supplies \$21,000, partly offset by consulting fees to oversample schools in Middlesex-London to obtain key data for the Ontario Student Drug Use and Health Survey (\$20,000).
Chronic Disease and Tobacco Control	931,997	1,065,968	133,971	12.6%	1,424,858	\$ 1,456,291	\$ 31,433	2.2%	Favourable spending in salaries \$29,524 and benefits \$3,028 due to vacancies for a PHN (UVR portfolio) and a dietitian
Healthy Communities and Injury Prevention	773,604	893,471	119,867	13.4%	1,111,876	\$ 1,191,295	\$ 79,419	6.7%	Favourable spending in salaries \$36,135 and benefits \$9,215 reflect hiring gap for a PHN, mat leave gapping and additional staff changes, lower spending on program supplies from funding increase to support Community Drug & Alcohol Strategy \$26,500, lower travel \$3,500, other program charges \$2,069 and lower staff development charges \$1,500
Oral Health	893,036	824,943	(68,093)	-8.3%	1,242,924	\$ 1,099,924	\$ (143,000)	-13.0%	Planned revenue from dental treatment through SOAHAC has not materialized resulting in shortfall (\$150,000) partly offset by revenue from Smile Clean program \$7,000.
Southwest Tobacco Control Area Network	287,724	354,713	66,989	18.9%	472,950	\$ 472,950	\$ -	0.0%	No anticipated variance by year-end
Young Adult Health	773,318	863,860	90,542	10.5%	1,074,613	\$ 1,151,813	\$ 77,200	6.7%	Favourable spending in salaries \$56,200 and benefits \$9,000 due to delay to replace dietitian on maternity leave, part-time PHN position and other expected hiring gaps. In addition favourable spending on program supplies \$8,000 travel \$2,000 and professional services \$2,000
Total Healthy Living Division	\$ 4,799,349	\$ 5,417,814	\$ 618,465	11.4%	\$ 6,979,399	\$ 7,258,752	\$ 279,353	3.8%	

**MIDDLESEX-LONDON HEALTH UNIT
NET BUDGET VARIANCE SUMMARY**

As at September 30, 2018

	Q3 YTD ACTUAL (NET)	Q3 YTD BUDGET (NET)	VARIANCE (OVER)/ UNDER	% VARIANCE	DECEMBER FORECAST	2018 BUDGET REVISED	DECEMBER SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Healthy Start Division									
Office of the Director	\$ 180,221	\$ 195,509	\$ 15,288	7.8%	\$ 249,609	\$ 260,678	\$ 11,069	4.2%	Favourable spending in program supplies \$10,000 and travel \$1,800.
Best Beginnings	2,077,223	2,291,555	214,332	9.4%	2,844,140	\$ 3,055,406	\$ 211,266	6.9%	Favourable spending in salaries \$147,829 and benefits \$63,437 reflect hiring gap for a number of staff positions including 3 PHN positions scheduled to start in November, 2018.
Early Years Health	1,082,649	\$ 1,235,937	153,288	12.4%	1,498,128	\$ 1,647,916	\$ 149,788	9.1%	Favourable spending in salaries \$102,817 and benefits \$20,871 reflect hiring gap for a number of staff positions including a need for one additional PHN for 2nd half of year. Program supplies are favourable \$23,000 due to delays to launch health promotion and social media initiatives, travel is favourable by \$2,500 due to staff vacancies and staff development is favourable \$1,500 due to fewer opportunities.
Reproductive Health	989,954	1,162,331	172,377	14.8%	1,463,360	\$ 1,549,774	\$ 86,414	5.6%	Favourable spending in salary \$61,710 and benefits \$17,084 for unfilled PHN and manager position. Professional services are favourable \$6,370 across a number of initiatives.
Screening Assessment and Intervention	2,362,090	\$ 2,362,090	-	0.0%	3,149,453	\$ 3,149,453	\$ -	0.0%	No anticipated variance by year-end
Total Healthy Start Division	\$ 6,692,137	\$ 7,247,422	\$ 555,285	7.7%	\$ 9,204,690	\$ 9,663,227	\$ 458,537	4.7%	
Office of the Chief Nursing Officer	\$ 294,799	\$ 346,517	\$ 51,718	14.9%	\$ 461,022	\$ 462,022	\$ 1,000	0.2%	Lower than planned spending for program costs \$1,000
Office of the Medical Officer of Health									
Office of the Medical Officer of Health	\$ 351,038	\$ 412,772	\$ 61,734	15.0%	\$ 491,196	\$ 550,363	\$ 59,167	10.8%	Favourable spending in salaries \$54,246 and benefits \$13,654 due to delay to hire Policy Analyst offset by contract costs for part time assistance
Communications	\$ 358,239	399,146	40,907	10.2%	532,194	\$ 532,194	\$ -	0.0%	No anticipated variance by year-end
Office of the Associate Medical Officer of Health	\$ 134,285	\$ 229,375	95,090	41.5%	230,000	\$ 305,833	\$ 75,833	24.8%	Favourable spending in salaries \$77,646, benefits \$13,187, travel \$4,000 and staff development costs \$1,000 due to delay to hire AMOH, partly offset by reduction of OMA Top-Up (\$20,000).
Population Health Assessment & Surveillance	\$ 384,941	392,455	7,514	1.9%	523,273	\$ 523,273	\$ -	0.0%	No anticipated variance by year-end.
Total Office of the Medical Officer of Health	\$ 1,228,502	\$ 1,433,748	\$ 205,246	14.3%	\$ 1,023,390	\$ 1,911,663	\$ 135,000	7.1%	

**MIDDLESEX-LONDON HEALTH UNIT
NET BUDGET VARIANCE SUMMARY**

As at September 30, 2018

	Q3 YTD ACTUAL (NET)	Q3 YTD BUDGET (NET)	VARIANCE (OVER)/ UNDER	% VARIANCE	DECEMBER FORECAST	2018 BUDGET REVISED	DECEMBER SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Healthy Organization Division									
Office of the Director	\$ 191,497	\$ 238,737	\$ 47,240	19.8%	\$ 318,316	\$ 318,316	\$ -	0.0%	No anticipated variance by year-end
Finance	334,140	383,023	48,883	12.8%	477,022	\$ 510,697	\$ 33,675	6.6%	Favourable spending due to delay to hire temporary Accounts Payable Administrator.
Human Resources	469,604	\$ 502,109	32,505	6.5%	636,411	\$ 669,478	\$ 33,067	4.9%	Favourable spending in salaries \$28,384 and benefits \$4,683 due to manager vacancy.
Information Technology	422,128	710,986	288,858	40.6%	1,060,511	\$ 947,981	\$ (112,530)	-11.9%	Favourable spending in salaries \$13,571 and benefits \$3,899 due to delay to hire desktop application analyst offset by cost to develop Electronic Client Records (\$130,000)
Privacy Risk & Governance	106,714	\$ 146,324	39,610	27.1%	189,250	\$ 195,099	\$ 5,849	3.0%	Favourable spending in salaries \$3,903 and benefits \$1,946 due to delay to hire manager.
Procurement & Operations	183,919	195,633	11,714	6.0%	260,844	\$ 260,844	\$ -	0.0%	No anticipated variance by year-end
Program Planning & Evaluation	509,464	\$ 643,057	133,593	20.8%	732,217	\$ 857,409	\$ 125,192	14.6%	Favourable spending in salaries \$94,876 and benefits \$28,595 due to delay to hire vacant librarian position and gap in program evaluator position and favourable spending in professional services for Rapid Risk Factor Surveillance System \$1,721.
Strategic Projects	102,321	186,327	84,006	45.1%	173,767	\$ 248,436	\$ 74,669	30.1%	Favourable spending in salaries \$64,057 and benefits \$10,612 related to hiring delays for manager and coordinator positions
Total Healthy Organization Division	\$ 2,319,787	\$ 3,006,196	\$ 686,409	22.8%	\$ 3,848,338	\$ 4,008,260	\$ 159,922	4.0%	
General Expenses & Revenues	\$ 1,594,083	\$ 1,248,203	\$ (345,880)	-27.7%	\$ 1,813,600	\$ 1,664,270	\$ (149,330)	-9.0%	Savings from cancellation of Sherwood Forest Mall lease \$4,500 partly offset by anticipated increase in GWL Benefit Rates increase (\$3,830). Incremental budget to support roll-out of Activity Based Workspace and related acquisition of permanent furniture (\$150,000).
Total Expenditures Before Expected Gapping	\$ 23,720,199	\$ 25,914,682	\$ 2,194,483	8.5%	\$ 32,786,369	\$ 34,587,902	\$ 1,048,260	3.0%	
Less: Expected Agency Gapping Budget		(699,722)	(699,722)		115,297	(932,963)	(932,963)		
TOTAL BOARD OF HEALTH EXPENDITURES	\$ 23,720,199	\$ 25,214,960	\$ 1,494,761	5.9%	\$ 32,901,666	\$ 33,654,939	\$ 115,297	0.3%	

Middlesex-London Health Unit
FACTUAL CERTIFICATE

To: Members of the Board of Health, Middlesex-London Health Unit

The undersigned hereby certify that, to the best of their knowledge, information and belief after due inquiry, as at September 30, 2018:

1. The Middlesex-London Health Unit is in compliance, as required by law, with all statutes and regulations relating to the withholding and/or payment of governmental remittances, including, without limiting the generality of the foregoing, the following:
 - All payroll deductions at source, including Employment Insurance, Canada Pension Plan and Income Tax;
 - Ontario Employer Health Tax;
 - Federal Harmonized Sales Tax (HST);And, they believe that all necessary policies and procedures are in place to ensure that all future payments of such amounts will be made in a timely manner.
2. The Middlesex-London Health Unit has remitted to the Ontario Municipal Employees Retirement System (OMERS) all funds deducted from employees along with all employer contributions for these purposes.
3. The Middlesex-London Health Unit is in compliance with all applicable Health and Safety legislation.
4. The Middlesex-London Health Unit is in compliance with applicable Pay Equity legislation.
5. The Middlesex-London Health Unit has not substantially changed any of its accounting policies or principles since December 8, 2016.
6. The Middlesex-London Health Unit reconciles its bank accounts regularly and no unexpected activity has been found.
7. The Middlesex-London Health Unit has filed all information requests within appropriate deadlines.
8. The Middlesex-London Health Unit is in compliance with the requirements of the Charities Act, and the return for 2017 has been filed. (due by June 30th each year).
9. The Middlesex-London Health Unit has been named in a complaint to the Human Rights Tribunal of Ontario by a former student. The hearing has been completed and a decision to dismiss has been rendered that found no violation of human rights, however the case is now slated for a Judicial Review by the Division Court.
10. The Western Fair has issued a Third Party claim including the Health Unit involving an alleged infection with Q-fever bacteria while at Western Fair in 2011. The claim is being defended by City Legal Services as they were the insurer at the time. City Legal Services has indicated that there is no exposure to a financial claim for the Health Unit.
11. The Middlesex-London Health Unit is fulfilling its obligations by providing services in accordance with our funding agreements, the Health Protection & Promotion Act, the Ontario Public Health

Standards, the Ontario Public Health Organizational Standards and as reported to the Board of Health through reports including but not limited to:

- Quarterly Financial Updates
- Annual Audited Financial Statements
- Annual Reporting on the Accountability Indicators
- Annual Planning and Budget Templates
- Information and Information Summary Reports

Dated at London, Ontario this 1st day of October, 2018

Dr. Christopher Mackie
Medical Officer of Health & CEO

Brian Glasspoole
Manager, Finance

Laura Di Cesare
Director, Healthy Organization



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 November 1

CYBER INSURANCE

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No. 039-18FFC re: “Cyber Insurance” for information.

Key Points

- Cyber insurance coverage in the amount of \$5 million, to address cyber, network, and data exposures not specifically covered under the current comprehensive insurance policy, was initially sought as a requirement for entering into a particular data-sharing agreement.
- Cyber insurance covers invasion-of-privacy loss involving personal or confidential data in electronic form stored both on MLHU’s computer systems and on third-party-controlled shared computer networks.
- Three bids were received, and the lowest acceptable quote, in the amount of \$10,250, has been accepted.

Background

The Middlesex-London Health Unit was asked to seek appropriate privacy breach (or “cyber”) insurance to be eligible to participate in ClinicalConnect, a secure on-line Shared Network Arrangement to access or share health-related data administered by the Hamilton Health Sciences Corporation. The Health Unit was asked to confirm that it has appropriate cyber insurance in the amount of \$5 million.

Through subsequent investigation, it was determined that for MLHU, privacy breach exposure extends well beyond participation in an SNA. Recent Ontario privacy breaches in the news, including cases of unlawful access to and public disclosure of sensitive confidential information, have raised significant concerns about how institutions in the public sector safeguard client data. By canvassing other health units and investigating best practices in the health sector, MLHU has determined that acquiring appropriate cyber insurance is an important component of an overall strategy to secure and safeguard client records and confidential information, and protect MLHU from financial risk.

Cyber insurance provides coverage for the following situations:

- Privacy breach due to technological failure, as costs involved in restoring MLHU’s reputation;
- Privacy breach where data is supplied to a third-party service provider and/or under an SNA;
- Media exposures, such as defamation and breaches of intellectual property rights, arising from on-line disclosures;
- Failure of network security to protect against unauthorized access;
- Failure to safeguard sensitive personal information entrusted to MLHU;
- Extortion threats from a hacker;
- Crisis management expenses after a network compromise; and
- Business interruption costs during a period of network restoration.

Risk Mitigation Requirement

Currently MLHU's risk of cyber/privacy breach is heightened by several factors, which include (but are not limited to):

- An increasingly mobile workforce, resulting in more remote-accessing devices (e.g., rollout of Activity-Based Workspaces and Alternative Work Arrangements);
- Data-sharing arrangements with other organizations (e.g., ClinicalConnect);
- Introduction of new technology programs (e.g., Electronic Medical Records and an Enterprise Resource Planning system that includes employee self-service components); and
- Evolving technology platforms, such as moving toward cloud computing and an increased capability to collect online payments.

As an organization that stores and maintains personal client information, and with large and growing numbers of devices that connect to MLHU networks, opportunities for malicious parties to access the organization's assets are increasing. The growing risk of ransomware is a threat that, if realized, would have a negative impact on public relations, compromise data security, and present challenges from a data-recovery perspective. Therefore, in order to mitigate the risks in this area, it is recommended that MLHU enter into a cyber insurance contract.

Cyber Insurance Quote and Application Process

In order to obtain quotes, Finance, Information Technology, and Operations worked together to complete applications to three prospective insurers identified by other parties within the industry they service (public health). MLHU's current comprehensive insurance policy broker was included in this process. Three quotes were received, with Holman Insurance Brokers Ltd. submitting the lowest acceptable bid, at \$10,250 plus applicable taxes. The insurance company that this broker represents, CFC Underwriting Ltd., is an experienced insurance provider serving the health sector on a global scale. In a survey of other health units, several respondents confirmed that they had recently added cyber insurance as part of their enhanced risk-mitigation programs, while others indicated that they were in the process of adding cyber insurance to their overall coverage in light of sensitivity over unauthorized access to personal records and confidential data maintained by institutions within the public health sector.

This report was prepared by the Healthy Organization Division.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 November 1

LOCATION PROJECT – SOURCE OF FINANCING

Recommendation

It is recommended that the Finance & Facilities Committee:

- 1) *Receive Report No. 040-18FFC re: “Location Project – Source of Financing” for information; and*
- 2) *Recommend that the Board of Health approve the selection of the City of London as the funder for office fit-up.*

Key Points

- The Middlesex-London Health Unit has entered into a long-term lease to secure new space at 355 Wellington Street, London.
- To support office fit-up costs for this location, MLHU is seeking financing of \$5,200,000.
- Multiple quotes were solicited from local organizations, including a chartered bank, a credit union, and the City of London.
- The City of London was able to pass on its favourable borrowing rates and has offered the lowest funding rate of prime minus 1.18%, which is being recommended to fund the office space fit-up.
- There is a risk of cost escalation in this project, as market conditions have changed since the fit-up costs were developed and may result in expenditures exceeding \$5,200,000.

Background

The Middlesex-London Health Unit submitted requests for funding proposals to three local institutions. These included a request, via the Chair and Members of the City of London’s Community and Protective Services Committee (CPSC), to seek funding directly from the City. This request, previously outlined in Confidential Report 026-18FFC, was approved by the CPSC at a public meeting held on July 16, 2018.

In total, MLHU received and analyzed three competitive bids for funding, with variable interest rates ranging from Canadian prime to Canadian prime less 1.18%. One bidder also offered pricing based on banker’s acceptance (BA) rates less a range of discounts for revolving terms ranging from 30 to 180 days. Due to the higher volatility of BA rates, which are repriced daily in the market, and shorter loan durations before repricing, it is recommended that price comparisons only include bids based on Canadian prime, which reprices less frequently and reflects changes to the Bank of Canada rate. Although these bids were all competitive, the City of London was able to pass on its preferred borrowing rates to fund the fit-up of the office space at 355 Wellington Street at the lowest rate.

Potential Cost Escalation

Due to changing market conditions, there is a potential that fit-up costs could exceed the initial budget estimate of \$75/square foot. The costs of both materials and labour have increased over the 18 months since the construction costs were calculated. However, efforts will be taken to mitigate these costs whenever possible. This will include alternate materials, designs, or project timing. Any significant material changes to costs that may impact the completion of the relocation project within the planned budget of \$5,200,000 will be reported to the Relocation Advisory Committee as they become known.

Next Steps

MLHU is seeking the Board of Health's approval to enter into a lending agreement with the City of London, the institution able to offer the most favourable terms. However, due to the upcoming City elections, representatives of the City Finance team have advised that they are entering a quiet period and can only resume discussion and formally arrange to advance funds to MLHU by the end of December 2018. This delay should not adversely impact roll-out of fit-up activities in the intervening period, as MLHU is currently able to meet short-term purchasing obligations.

This report was prepared by the Finance Team, Healthy Organization Division.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 November 1

ENTERPRISE RESOURCE PLANNING – FINANCIAL SYSTEM UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No. 041-18FFC re: “Enterprise Resource Planning – Financial System Update” for information.

Key Points

- The FRx management reporting tool is no longer supported and an integrated purchasing system is required to improve predictive spending analysis.
- An extensive search for alternatives and a competitive bidding process have resulted in a recommendation to upgrade the current Microsoft Dynamics GP system at a cost of \$34,650.
- Implementation will occur in phases, and is scheduled for completion by March 31, 2019.
- This process has identified several areas where efficiencies could be achieved through investment into a comprehensive Enterprise Resource Planning System.

Background

The Middlesex-London Health Unit conducted an in-depth review to determine the most cost-effective solution to enhance its financial management reporting processes. Key criteria included:

- Replacement of FRx, the current management reporting tool, which is at the end of its life and no longer eligible for vendor support;
- Acquisition of an encumbrance tool to integrate purchasing activities initiated by multiple departments with approved budgets, accounts payable, and the general ledger;
- Acquisition of a fixed asset management system integrated with the general ledger; and
- Ensuring that the current financial accounting system Microsoft Dynamics GP 2015 is updated to the most current version to ensure full vendor support.

Proposals

A request for proposal (RFP) was issued in 2017 to replace the FRx system and integrate the purchasing system. This RFP was unsuccessful, as no bids were received that were able to address the requirement for a purchasing application. A detailed survey of other health units was conducted earlier this year to investigate alternate solutions, but no preferred solution was identified. It was discovered that several health units are also actively looking to replace or upgrade their current management reporting systems. One vendor, who had been engaged by several health units, was interviewed extensively by the Project Team. Due to the risk of significant time delays and excessive consulting fees, however, discussions with this vendor were severed. Further analysis concluded that the most effective solution was to focus on upgrades to the MLHU server environment, migrate to Microsoft Dynamics GP 2018, acquire limited user licenses for the GP 2018 purchasing module, and replace FRx with Microsoft Management Reporter.

A second RFP was issued in September 2018 with these parameters, and two responses were received. The current Microsoft Dynamics partner, Smarthead Solutions Inc. received the highest score from the

evaluation team and was able to meet all outlined requirements. This proposal was also submitted with the lowest quote, at \$34,650. The proponent's response demonstrated a deep knowledge of MLHU financial business processes, time-management software, payroll processing, tax table updates, and supplementary Crystal reporting.

Implementation

The implementation schedule is broken out into two phases. Phase One will include the upgrade to Microsoft Dynamics GP 2018 and the replacement of FRx with Management Reporter. This phase is scheduled to be completed by December 21, 2018. Phase Two will include the introduction of Microsoft Dynamics Purchasing, a pilot roll-out to limited departments, and the introduction of the Microsoft Dynamics Fixed Asset module, which is scheduled to be completed by March 31, 2019.

Training for the Management Team will be provided in early 2019.

Next Steps

This process has identified a number of areas where efficiencies could be achieved with investment into a comprehensive Enterprise Resource Planning (ERP) System. The Microsoft Dynamics GP system would be the foundation around which the ERP would be implemented. Work is underway on identifying this broader solution, which incorporates the time and attendance and payroll functions from finance, as well as a number of human resources processes and activities. More information on these matters will be brought forward in a separate report.

This report was prepared by the Healthy Organization Division.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 November 01

MOBILE DEVICE SERVICES CONTRACT EXTENSION

It is recommended that the Finance & Facilities Committee receive Report No. 042-18FFC: “Mobile Device Services Contract Extension” for information.

Key Points

- MLHU has extended its contract for Rogers cellular service.
- These services were recommended by the Ministry of Government and Consumer Services in the Vendor of Record program coordinated by the Province of Ontario.
- The value of the contract is estimated at \$47,000.

Background

The Middlesex-London Health Unit (MLHU) issued a request for proposals (RFP) for mobile devices in 2013. Following a competitive bid process, the contract was awarded to Rogers Communications. The next contract, in 2016, was awarded through a competitive bid process organized through the Province of Ontario and the Vendor of Record (VOR) program.

There are approximately 273 cellular devices in use at MLHU. Allocation of devices is determined according to [Appendix A](#). The current cost of these devices totals approximately \$78,449 annually.

Contract Award

This contract was extended to Rogers Communications through the VOR program operated by the Ministry of Government and Consumer Services. In this most recent round of bidding and negotiations, significant cost improvements were achieved in the amount of 40%. Additionally, a discount equal to 65% below market rates was also applied for the handsets. Based on the VOR program, MLHU has extended the contract for an additional two years, which represents a savings of approximately \$31,449.

Next Steps

MLHU Staff will finalize the contract award and arrange the transition to the new program.

This report was prepared by the Healthy Organization Division.

A handwritten signature in black ink, appearing to read 'Chris Mackie'.

Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health/CEO

Appendix A to Report No. 042-18 – Wireless Device Eligibility Criteria

Stipend phone	MLHU voice and text	MLHU data
<ul style="list-style-type: none"> - Work alone late at night - Work in high risk areas - Visit client homes 	<ul style="list-style-type: none"> - Communication with clients and/or staff via text/voice when outside of the office - Communication with clients who only use SMS/texting - Obtaining information, counsel while in the field 	<ul style="list-style-type: none"> - On call duties - Emergency response (recalls, helpdesk, dehydrated baby, contacting the ministry) - Accountability indicators (synchronization of tobacco inspection systems, rabies) - Expectation to upload to social media live during campaigns - Access to web based tools at sites where connectivity is not provided determines one's ability to perform their role - Management and staff with supervisory responsibilities - Working a minimum 50% offsite with limited or no internet connectivity



TO: Chair and Members of the Board of Health
FROM: Christopher Mackie, Medical Officer of Health / CEO
DATE: 2018 November 1

MIDDLESEX-LONDON HEALTH UNIT BE WELL PROGRAM UPDATE

Recommendation

It is recommended that Report No. 043-18FFC re: “Middlesex-London Health Unit (MLHU) Be Well Program Update” be received for information.

Key Points

- The Be Well Program, launched in 2016 with a five-year commitment through Program Budgeting and Marginal Analysis (PBMA), provides tools and opportunities for employees to benefit from activities that promote the well-being of all staff at MLHU.
- The Be Well initiative promotes strategies for meeting the Psychological Standard and is a key activity in the Employee Engagement and Learning component of the five-year MLHU Strategic Plan, 2015–20.
- MLHU’s actual benefit cost in 2017 was 4.09% lower than the headcount-adjusted projection of total benefit costs with wellness intervention.
- MLHU has had a two-year savings of \$278,153 in benefit costs.

Background

In order to accomplish MLHU’s mission of promoting and protecting the health of the community, it is essential to promote and protect the health of the employees. With Board of Health approved funding in 2016, MLHU launched the Be Well initiative mid-year for all its employees. A Be Well internal committee, with representatives from different roles and from all divisions, was formed in April 2016 to promote the development of a culture of health and well-being among MLHU employees.

Be Well Initiatives

The Be Well Committee works together with other Health Unit committees (the Joint Occupational Health and Safety Committee and the United Way Committee) and supersedes previous committees (the Workplace Wellness and Fun Committee and the Employee and Family Assistance Committee), using the 4 Pillars of Wellness¹ as guideposts for delivering programs and events in a comprehensive approach to employee well-being. The events, resources, training, and programs provided to staff in 2016–17 are outlined in [Appendix A](#). For 2018, the Be Well Committee launched a survey of all MLHU employees to evaluate the various elements of the Wellness program, including: responses to current well-being initiatives, barriers to participation, and interest in new and upcoming programs. There was a 40% response rate, with 51% of respondents indicating that the Be Well program is having a direct positive impact on their health. Employees also provided feedback on current initiatives and suggestions for future initiatives.

Return on Investment

For 2016, the headcount-adjusted projected cost of benefits was \$1,377,000. After including the cost of the wellness program and the impact of anticipated health costs, the projected costs decreased to \$1,309,000. The actual costs incurred by MLHU for the period of 2016 were \$1,257,855. The difference between the

¹ World Health Organization (WHO) 4 Pillars of Wellness: Physical Work Environment, Workplace Culture and Wellness, Personal Health Resources, and Enterprise Community Involvement.

actual costs and the revised projection was \$119,145. This difference in costs translates to a saving of 8.65% in total benefit costs (see Figure 1). The Be Well program was launched mid-2016, so after a full year of programming in 2017, the costs continued to decrease from the projected costs. For 2017, the headcount-adjusted projection was \$1,488,000. After including the cost of the wellness program and the impact of anticipated health costs, the projected costs were \$1,344,000. The actual costs incurred by MLHU for this period were \$1,288,992. The difference between actual costs and the revised projection was \$159,008. This difference in costs represents a decrease of 10.98% in benefit costs (see Figure 1).

Figure 1:

	2016	2017
Headcount-Adjusted Expected Total Benefit Cost	\$1,377,000.	\$1,448,000.
Headcount-Adjusted Expected Total Benefit Cost WITH Wellness	\$1,309,000.	\$1,344,000.
MLHU's Actual Experience	\$1,257,855	\$1,288,992
Difference Between MLHU's Actual Experience and Expected Total Benefit Cost	\$119,145.	\$159,008
	8.65% savings	10.98% savings

The original projection provided by Aon Hewitt claimed that, "an investment of \$208,000 over 5 years is anticipated to return \$384,000 in savings"; this equates to an average savings of \$76,800 per year. The difference between MLHU's actual experience and the projected total benefit cost represents a two-year savings of \$278,153, with an investment of \$94,000. In order to meet the original savings targets, an additional \$105,847 in savings (an average of \$35,282 per year) will need to be achieved over the next three years. As modifiable health risks are mitigated and managed, MLHU may see less aggressive savings variances in 2018, 2019, and 2020; however, Aon Hewitt still predicts that MLHU will meet the savings projections originally set out in 2015.

Programming and Next Steps

According to the data on drugs, extended health care, short-term disability, long-term disability, and employee assistance plans for organizations of similar size and industry, the top-four most common modifiable conditions, by therapeutic category, are: musculoskeletal, mental health, cardiovascular, and diabetes. The Be Well programming was designed to raise employees' awareness of these conditions through health risk assessments and biometric screening clinics. Supports to assist with these modifiable conditions were also provided through: the Sprout Engagement tool for tracking wellness goals and physical activity challenges; mental health training for managers; implementation of a more robust EFAP program; implementation of a new ergonomics program; and increased social activities for employees.

In coming years, the Be Well Program will inaugurate a new, comprehensive partnership that will allow us to focus even more closely on MLHU's top-four modifiable factors. The Health Unit requested quotes from potential wellness partners and has selected an organization to partner with that will not only target employee wellness solutions, but will also provide one program to assist with medical practitioner navigation and another that may potentially deliver pharmacy savings. This new partnership was endorsed at the Be Well Committee level, and MLHU is excited to roll it out to employees in the next month.

This report was prepared by the Healthy Organization Division



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

We do more than...

Support the health of our community. We value and care for each other.

2016 – 2018 Be Well Initiatives

Physical Work Environment Highlights and Initiatives

- Annual NAOSH Week May 7-13 (annual)
- Ergonomic training for HR, JOHSC and NLT (June 2017)
- Ergonomics training for Activity Based Workspace (ABW) participants (May 2018)

Workplace Culture and Wellness Highlights and Initiatives

- Monthly Be Well Highlights newsletter
- Sprout online engagement platform (launched 2016)
 - Annual MLHU *in motion*TM Challenge – using Sprout for tracking
 - Sprout challenges and campaigns (Influenza promotion campaign, January Goal setting campaign, Fruit & Veg. challenge, environmental challenge, Alpha Challenge, mental health promotion campaign, photo sharing campaign, 12 Days of Wellness challenge, Olympic Fever team challenge, Step Challenge, Nutrition Challenge, etc.)
- Yoga sessions during lunch for staff
- Be Well Committee team presentations (April – June 2017)
- 150 Acts of Kindness campaign
- WWAFF Committee – alPHa challenge, various social activities, and Healthy workplace month events
- Quarterly social events for staff and family (Curling, family skating, pizza picnics, Circle R Ranch family event, March Madness, family movie night, etc.)

Personal Health Resources Highlights and Initiatives

- Be Well Launch (Sept. 2016)
- Launch of new EFAP provider, Homewood Health (April 2016) & EFAP lunch and learns provided
- Be Well website (launched Sept. 2016)
- Mindful Employer pilot project – NLT participation in quarterly mental health facilitated sessions
- “Leading a Mentally Healthy Workplace” certification training for all non-union leaders (March 2017)
- AWA Consultations (Jan. – Mar. 2017)
- Wellness Health fair (Sept. 2017 & 2018)
- Health Risk Assessment Survey on Sprout (Sept. 2017)
- Biometric Screening Clinics (October 2017)

Enterprise Community Involvement Highlights and Initiatives

- Blood donor clinics
- United Way Events (SLT Pancake breakfast, Middlesax 5th Avenue consignment sale, Dr. Dhir hosted staff lunch, Valentine’s day & St. Patrick’s day celebrations, annual golf tournament)
- Shine the Light + LAWC Run
- YMCA Sweat for Strong Kids
- Reforest London Tree planting
- GenNext Backpack Drive
- Red Scarf Project – knitting and donating scarves for HIV/AIDS awareness



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 November 1

PROPOSED RESOURCE REALLOCATION FOR THE 2019 BUDGET

Recommendation

It is recommended that the Finance & Facilities Committee:

1. Approve [Appendix A](#), PBMA Disinvestments totalling \$390,727;
2. Approve [Appendix B](#), PBMA Investments totalling \$397,526;
3. Approve [Appendix C](#), PBMA One-time Proposals totalling \$140,784; and
4. Approve [Appendix D](#), outlining proposals not currently recommended for inclusion totalling \$631,732.

Key Points

- Program Budgeting and Marginal Analysis (PBMA) is an integral part of the Health Unit's budget process, and allows us to identify opportunities for reallocating resources from areas of lower impact to areas of higher impact.
- This report provides a summary of the investments and disinvestments proposed for consideration in the 2019 budget.
- Of thirty-one proposals submitted, the Senior Leadership Team approved seventeen disinvestments totalling \$390,727, six investments totalling \$397,526, and five one-time investments totalling \$140,784.
- Six of the investment proposals were revised, with a reduced budget being approved; the unapproved portion of these proposals, combined with four additional proposals that did not move forward, total \$631,732.

Background

Program Budgeting and Marginal Analysis (PBMA) is a criteria-based budgeting process that facilitates reallocating resources to maximize impact. This is done through the transparent application of predefined criteria and decision-making processes in order to prioritize where investments and disinvestments should be made. The Health Unit has made PBMA an integral part of its annual budget process, and has been using it since 2013.

Proposal Selection Process

The 2018 PBMA process consisted of:

- a) Validation of assessment criteria and weighting at the July 5, 2017 Finance & Facilities Committee meeting;
- b) Proposal development to identify disinvestments that will have the least negative impact;
- c) Proposal development to identify investments that will have the greatest positive impact;
- d) Review of proposals by internal advisory committees; and
- e) Open proposal-review sessions, an appeals process, and recommendations by the Senior Leadership Team (SLT).

Proposed PBMA Disinvestment and Investment Opportunities

SLT is recommending a total of twenty-eight proposals for inclusion in the 2019 Health Unit Budget, including: seventeen disinvestments (totalling \$390,727), six investments (totalling \$397,526), and five one-time proposals (totalling \$140,784). Descriptions of the proposals have been included for recommended disinvestments ([Appendix A](#)), recommended investments ([Appendix B](#)), and recommended one-time investment proposals ([Appendix C](#)). An outline of proposals that did not move forward (totalling \$631,732) are set out in [Appendix D](#).

Although the withdrawn proposals are not being recommended for inclusion in the 2019 budget, some are anticipated to be funded through other means, and/or may be reconsidered if financial circumstances show a favourable change.

Next Steps

If approved, the recommended proposals will be incorporated into the 2019 budget, which will be considered for approval by the FFC and the Board of Health at future meetings.

This report was prepared by the Healthy Organization Division.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

2019 PBMA Disinvestment

Dept.	No.	Proposal	Value	FTE	Score
Cross-MLHU	1-0016	Combined Efficiencies	-\$ 2,542	0.00	-6
Cross-MLHU	1-0017	Cancellation of Symantec Software Maintenance	-\$ 9,944	0.00	-12
Cross-MLHU	1-0018	Rogers Cellular Service Contract Change	-\$ 31,380	0.00	0
Cross-MLHU	1-0020	Compugen Photocopier Lease	-\$ 11,611	0.00	-29
EHID	1-0001	Reduction in Staff for Sexual Health Clinic	-\$ 11,373	-0.13	-149
EHID	1-0004	PHI Fieldwork Efficiencies	-\$ 48,342	-0.50	-71
EHID	1-0023	Public Health Inspector Mileage Funding	-\$ 20,000	0.00	-10
EHID	1-0025	PHI Inspection Work	-\$ 48,342	-0.50	-95
HL	1-0009	iParent Program Dollars	-\$ 35,779	0.00	-51
HL	1-0012	Efficiencies Made to Youth Engagement Strategy	-\$ 10,023	0.00	-91
HL	1-0013	Oral Health Program Assistant-Efficiency	-\$ 32,793	-0.50	-51
HL	1-0014	inMotion Program Dollars	-\$ 5,000	0.00	-25
HS	1-0005	eHBHC Program Assistant Efficiency	-\$ 64,000	-1.00	0
HS	1-0042	Casual Teachers for Universal Group Prenatal Education	-\$ 48,043	-0.53	-98
HS	1-0006	Reduction to Operational Budget	-\$ 6,500	0.00	0
OCNO	1-0027	NPC Budget Reduction	-\$ 1,500	0.00	0
OMOH	1-0029	Communications Efficiencies	-\$ 3,555	0.00	0
		Total	-\$ 390,727	-3.16	-590

Disinvestment Descriptions

#1-0016 – Combined Efficiencies

This proposal combines two recommendations. The first is the reduction of after hours on call service at Spectrum Communications from 500 minutes per month to 250 minutes per month to better reflect actual usage per month for this service over the past 14 months. The second is to reduce the number of folder/sorters currently provided by Pitney Bowes. There are two units under lease which have recently expired and our current usage only justifies a lease extension of one unit.

#1-0017 – Cancellation of Symantec Software Maintenance

The Symantec anti-virus software under license to the MLHU is duplicated in the ESET anti-virus software provided under contract by the Managed Service Contract provided by Stronghold Services. This recommendation seeks to streamline services and move to a singular anti-virus software platform. MLHU will move to the ESET anti-virus platform and will not renew the Symantec license.

#1-0018 – Rogers Cellular Service Contract Change

Rogers has reduced cellular costs by approximately 40% as a part of the Vendor of Record Program with the Province of Ontario. These savings are available to all non-profit agencies funded by the province. This contract provides larger data plans, the elimination of SMS text charges and lower cost monthly fees. Annual cellular costs before application of this discount are currently \$78,449. This reduces the reliance on local or wide area networks. The new fee structure goes into place September 1, 2018 for all MLHU employees with an agency provided cellular phone.

#1-0020 – Compugen Photocopier Lease

There are a total of 18 multifunction copiers under lease to the Health Unit, some of which are underutilized. This proposal will reduce the number of machines to 9 or a 50% reduction. In addition, improvements to Enterprise Resource Planning, Electronic Client records as well as hardware will reduce usage of printers and photocopiers. The Business Process Group in the OSL 2.0 Committee will work with the program groups to optimize the location and usage of the remaining 9 multifunction units.

#1-0001 – Reduction in Staff for Sexual Health Clinic

Due to physician schedule changes the Thursday evening Family Planning Clinic (FPC) was changed from a booked FPC clinic to drop-in for clients to pick-up birth control, access the morning after pill, needle exchange and naloxone, counseling and accessing test results. A PHN and CTA work this evening shift. The plan is to cancel the drop-in clinic and staff would no longer work this shift. Clients would no longer have access to evening drop-in for birth control, ECP, counseling NEP and naloxone.

#1-004 – PHI Fieldwork Efficiencies

The Public Health Inspector (PHI) teams will be conducting a data migration this year (2018), to an upgraded version of Hedgehog allowing for added functionality. This added functionality will better assist PHIs in the field and could lead to some anticipated work efficiencies. One significant efficiency gain includes the ability to conduct data synchronizations offsite, where currently a data upload to the main server is only achievable by returning to the MLHU and connecting onto the network. The new software is a cloud-based solution, which allows data synchronizing to occur wirelessly in the field. This functionality will reduce the time spent travelling to the office for this dedicated purpose. MLHU policy allowing for alternate work locations and Activity-Based workstations will also aim to increase field efficiencies.

#1-0023 – Public Health Inspector Mileage Funding

As part of the Public Health Inspector (PHI) program review, opportunities for efficiency were identified, including creating inspection routes that would require less travel between sites. Past budgets were also examined to determine if allocated funding for vehicle travel could be reduced. These efficiencies will support a reduction in the mileage allowance for Environmental Health programs of \$20,000. Further, changes in work practices such as Activity Based Workspaces, consolidated inspection areas and mobile uploading of inspection reports provides some confidence in additional efficiency to be realized. Allocation of budget reductions between Food Safety & Healthy Environments and Safe Water, Rabies and Vector Borne Disease Teams will be determined when Annual Service Plans are developed.

#1-0025 – PHI Inspection Work

MLHU is currently conducting a review of Public Health Inspection (PHI) work to improve program effectiveness and achieve program efficiencies. Through this review, efficiencies identified would support a reduction of PHI staff by 0.5 FTE. It would also be beneficial to incorporate all recommendations from the PHI review, in order to ensure that individual workloads and program assignments are aligned appropriately within each team.

#1-0009 – iParent Program Dollars

This is a proposal to eliminate a central parenting program budget for the iParent section of the MLHU website. There is capacity in existing program budgets to support updating the parenting information on the iParent section of the MLHU website and parenting related content will continue to be promoted through existing resources. MLHU's partnership with other organizations offering parenting programs and supports will continue.

#1-0012 – Efficiencies Made to Youth Engagement Strategy (OLOY)

This proposal is a reduction of \$10,023 to youth leader salaries and benefits budget of the Youth Engagement - One Life One You program. With planned pauses to the work schedule during exam periods, there is an opportunity to maximize the work schedule during the remainder of the year while supporting this reduction to the budget.

#1-0013 – Oral Health Program Assistant - Efficiency

As part of staffing alignment subsequent to the closing of the Dental Treatment Clinic, telephone calls will be re-directed to the receptionist in the dental clinic and other duties of a part-time Program Assistant (0.5 FTE) will be absorbed as much as possible by the Oral Health Team.

#1-0014 – inMotion Program Dollars

A joint decision was made by The City of London and MLHU (in Motion lead partners and co-sponsors) to discontinue the community wide October Challenge and large scale inMotion promotion. An operating budget of \$5,000 dedicated to promotion of the Middlesex-London inMotion campaign and inMotion October Challenge is no longer required. There is capacity in exiting program budget to support physical activity program work.

#1-0005 - eHBHC Program Assistant Efficiency

With the introduction of eHBHC in May 2018 as part of a provincial initiative, completion of the HBHC screen within the BORN Information System (BIS) results in the seamless electronic transmission of HBHC screens to MLHU and as a result the need for paper-based processing and faxing is eliminated. These efficiencies have reduced the workload for program assistants by 1.0 FTE in Healthy Start.

#1-0042 – Casual Teachers for Universal Group Prenatal Education

As a result of a comprehensive planning process related to prenatal health programs and services, MLHU will provide universal prenatal education and support through e-learning, website content, Health Connection, and the “Prep for Parenthood” session. Focus of prenatal health programming will shift to enhancing existing programming for priority populations, through targeted home visiting and targeted group programs. Targeted programming will be provided by FT/PT staff within Healthy Start and therefore there is no longer need for casual PHNs.

#1-0006 – Reduction to Operational Budget – Healthy Start

Within the budget of Office of Director, efficiencies have been identified, including reductions to program supplies \$5,000 and travel \$1,500.

#1-0027 – NPC Budget Reduction

The Nursing Practice Council (NPC) has a current budget of \$10,000 with expenses typically focused on staff capacity building. It is expected that the NPC can satisfactorily carry out its work plan initiatives with a reduced budget of \$8,500.

#1-0029 – Communications Efficiencies

A number of efficiencies have been identified within the Communications budget, including proposed budget cuts to meeting costs, teleconference fees, program supplies and equipment, travel, accommodation and meal expenses.

2019 PBMA Investment

Dept.	No.	Proposal	Value	FTE	Score
Cross-MLHU	1-0040	Electronic Client Record	\$ 77,000	0.00	192
EHID	1-0034	PHN for Outreach Team	\$ 107,062	1.00	284
EHID	1-0036	Enhanced Capacity to investigate IPAC Lapses	\$ 48,708	0.50	264
EHID	1-0039	Enhanced Program Assistant Support	\$ 14,856	0.25	169
HS	1-0015	Nurse-Family Partnership	\$ 30,000	0.00	288
OCNO	1-0033	Manager, Indigenous Reconciliation and Health Equity	\$ 119,900	1.00	260
		Total	\$ 397,526	2.75	1457

Investment Descriptions

#1-0040 – Electronic Client Record

MLHU data systems are dated, disparate and incompatible with many internal and external networks creating the need for a separate client record for each team with which a client engages. Access to client data is time consuming, difficult to share between teams and the records may be incomplete. As well, quality assurance and continuous quality improvement processes are impeded for these reasons.

Over the past six months, a project team has worked on preparing for the procurement and implementation of an ECR in 2019, including process mapping, vendor identification, resource requirements and implementation timelines.

This proposal is for a phased implementation of Electronic Client Record software for use in clinical and client interaction environments across the Health Unit. Initial funding would support roll-out of software to Sexual Health, Reproductive Health, Healthy Babies Healthy Children, Early Years and Nurse Family Partnership Teams. Additional teams are proposed to be brought on over 2019 and 2020 based on priority, in order to better distribute the incremental cost across three budget years. 2020 and 2021 funding would be sought in their respective years through the PBMA process.

Implementation of an ECR will allow for an improvement in client management activities as well as data access, collaboration and analysis. Efficiencies are achieved through more immediate access to client information, more intuitive reporting and analytics, and integration with other provincial systems lessening the need for duplicate entries.

1-0034 – PHN for Outreach Team

The Sexual Health Outreach Team was implemented in mid-2017 following the declaration of a public health emergency related to rising HIV rates. In the interim, caseload has increased on average to about 128 clients as the team continues to receive referrals for the PWID population. This priority population includes those who are currently HIV positive or who are at risk for HIV, Hepatitis C, or other blood borne infections. The team works at the street level and links priority populations to services to increase health outcomes and prevent the spread of infectious diseases.

#1-0036 – Enhanced Capacity to Investigate IPAC Lapses

Enhanced capacity of 0.5FTE Public Health Inspector (PHI) is required on the Infectious Disease Control (IDC) team to respond to the increased requirements articulated in the Infection Prevention and Control (IPAC) Complaint Protocol, 2018 and in order to respond to the increasing number of IPAC investigations.

As of January 2018, the Infection Prevention and Control Complaint Protocol, 2018 came into effect, articulating specific public health investigation requirements to follow up IPAC complaints. In addition to regulatory changes, the number of complaints received from the public has increased in recent years, particularly from settings that are not routinely inspected. Prior to 2017, IPAC complaints were relatively infrequent; in some years there were no IPAC complaints investigated. In 2017, the number of investigations increased to four; as of August 1, 2018 there had been ten IPAC investigations, representing a 150% increase from the previous year. The number of complaints to investigate is expected to continue to increase as public awareness of and expectations around IPAC practices increases.

#1-0039 - Enhanced Program Assistant Support

The Infectious Disease Control (IDC) team is responsible for reportable disease follow up, as required under the Health Protection and Promotion Act (HPPA) and associated Protocols. Enhanced capacity of 0.5 FTE Program Assistant (PA) is required to ensure timely entry of data into iPHIS, the reporting database mandated by the Ministry of Health and Long-term Care. Due to the volume of case investigations and the detailed information to be entered, as well as competing demands, current resources can not enter data within the timelines for iPHIS entry specified by the Ministry. This issue is further compounded by the fact that there is no one who can provide coverage for the full time PA during vacation time or other absences, and therefore data entry becomes further delayed.

#1-0015 – Nurse-Family Partnership

This PBMA enhancement proposal seeks to provide professional services fees and program costs necessary for ongoing implementation of the Nurse-Family Partnership (NFP) program beyond the end of the Canadian Nurse-Family Partnership Education (CaNE) pilot.

The Nurse-Family Partnership (NFP) is an intensive nurse home visiting program for young, low income, first-time mothers. The NFP has been evaluated in three randomized controlled trials in the US which have demonstrated positive effects on the outcomes of pregnancy, children's subsequent health and development, and parent's economic self-sufficiency. The strong evidentiary foundation of the NFP has led to international implementation and evaluation.

Licensing fees, which were previously waived during the pilot phase, will now be invoiced on an annual basis and shared among implementing agencies in Ontario. Other ongoing implementation costs which would be shared among implementing agencies include salary and benefits for an Ontario NFP Clinical Lead, international consultancy fees, and education costs (primarily related to the on-line education platform).

#1-0033 - Manager, Indigenous Reconciliation and Health Equity

Reporting to the Chief Nursing Officer, a Manager, Indigenous Reconciliation and Health Equity would significantly enhance the organization's ability to effectively implement its health equity strategic initiatives and would strengthen the influence and impact of our Indigenous lead role by positioning the individual at a leadership level. This position would enhance our capacity to build relationships with, and meaningfully engage, Indigenous communities/populations and community partners, as outlined in the recently-approved organizational reconciliation plan.

2019 PBMA One-time Investments

Dept.	No.	Proposal	Value	FTE	Score
HL	1-0028	Vision Screening Coordinator	\$ 26,771	0.35	254
HL	1-0031	Community Drug and Alcohol Strategy Coordinator	\$ 44,724	0.50	273
HO	1-0024	Procurement Coordinator	\$ -	0.50	198
OMOH	1-0035	Contract Epidemiologist	\$ 59,290	0.50	204
OMOH	1-0038	Advertise new MLHU Location	\$ 10,000	0.00	255
		Total	\$ 140,784	1.85	1184

One-time Investment Descriptions

#1-0028 – Vision Screening Coordinator

The MOHLTC developed a new protocol entitled “Child Visual Health and Vision Screening Protocol, 2018” as part of the School Health Standard. Due to similarities with Oral Health protocol, the Oral Health Team will contract a 0.35 FTE (January to May 2019) Vision Screening Coordinator to lead a pilot to test vision screening in schools and to determine the resources required going forward. In order to conduct vision screening, the Health Unit needs to purchase vision screening equipment and supplies. The MOHLTC has stated there will be an opportunity to apply for one-time funding to cover the costs of purchasing equipment.

#1-0031 – Community Drug and Alcohol Strategy Coordinator

This proposal is to fund a .5 coordinator for one year to support the implementation of the Middlesex-London Community Drug and Alcohol Strategy (CDAS). Identifying longer term resourcing and funding options will be a priority for members of the implementation steering group.

Initiated by the Middlesex-London Health Unit, the Middlesex-London Community Drug and Alcohol Strategy (CDAS), is a comprehensive and long term strategy to address and prevent harms of substance use in our communities. The CDAS addresses substance use through a four pillar approach of prevention, treatment, harm reduction and enforcement and has been developed through the focused work of dozens of community partners within steering committee and pillar workgroups over the past 2 ½ years.

For successful implementation, a drug strategy coordinator is needed to provide leadership in all aspects of the Strategy. The CDAS coordinator will coordinate and project manage implementation of the Strategy; providing consultative input to the steering committee to guide decision making, developing and enhancing partnerships with relevant stakeholders, coordinating and steering committee and workgroup meetings, reporting on Strategy progress, maintaining the CDAS website, and will sit as a Middlesex-London representative on the Ontario Drug Strategy Coordinators Network. The coordinator will be accountable to the CDAS implementation steering group.

#1-0024 – Procurement Coordinator

Procurement Coordinator will help with the expanded workload in the Procurement portfolio during the time leading up to the re-location. Strategic Projects including re-location, Enterprise Resource Planning, Activity Based Workspaces and the establishment of a permanent Supervised Consumption Facility all require significant procurement support to meet transparent and equitable procurement policies. It is anticipated that the cost of this position will be funded from procurement efficiencies to be identified. The addition of this resource will allow time for the Manager of Procurement and Operations to focus on the Strategic Projects and delegate responsibilities for day to day activities. This would include basic contract management, competitive bid management, and daily procurement purchases to support all programs within the Health Unit.

Non-labour spending represented \$11 million dollars of the budget in 2017. The addition of a resource will ensure the Health Unit receives the greatest value for budget dollars. Procurement efforts were able to identify \$55,477 in cost reductions for the 2019 PBMA process. This additional capacity would also allow for an increased focus on savings opportunities within the Health Unit to offset the additional cost in wages and benefits.

#1-0035 – Contract Epidemiologist

This one-time investment extends a contract epidemiologist position for an additional 6-months. This epidemiologist would act as the project lead for the updating of the Community Health Status Resource and the development of the processes, standards and guidelines that would ensure the ongoing sustainability of this critical resource.

The Community Health Status Resource provides internal and external partners with population health assessment information for public health planning. It was developed in 2012, but much of the data and analysis is in need of updating. The updating of this resource has been identified as a strategic project. Additionally, it has been recognized that processes, standards and guidelines need to be developed to ensure that population health assessment continues at a more regular interval.

#1-0038 – Advertise new MLHU Location

An advertising and awareness program will be needed in 2019 to promote the Middlesex-London Health Unit's relocation to Citi Plaza. Using paid advertising on traditional and online media, social media channels, the MLHU website and earned media, a coordinated campaign will be developed to ensure that the community, clients and partners are aware of the details and timelines surrounding the Health Unit's move to its new location.

The plan will include both advertising and earned media, including a news conference event to be held at the new location. Advertising will be placed in traditional media including billboards, transit, transit shelters, radio and online as well as social media (Facebook and Twitter).

2019 PBMA Proposals to be Considered for Variance Funding or Other Alternatives

Dept.	No.	Proposal	Value	FTE	Score
Cross-MLHU	1-0040	Electronic Client Record	-\$ 63,000	0.00	192
Cross-MLHU	1-0043	Debt Repayment	-\$ 250,000	0.00	135
EHID	1-0039	Enhanced Program Assistant Support	-\$ 14,855	-0.25	169
HL	1-0028	Vision Screening Coordinator	-\$ 26,770	-0.35	254
HL	1-0031	Community Drug and Alcohol Strategy Coordinator	-\$ 44,723	-0.50	273
HO	1-0021	Program Evaluator - Enhancement	-\$ 42,585	-0.50	201
HO	1-0024	Procurement Coordinator	-\$ 31,524	0.00	198
HS	1-0007	Enhanced Registered Public Health Dietitian Support	-\$ 45,812	-0.50	235
HS	1-0015	Nurse-Family Partnership	-\$ 102,463	-1.00	288
OMOH	1-0037	MLHU Corporate Rebrand	-\$ 10,000	0.00	230
		Total	-\$ 631,732	-3.10	2175

Descriptions of Proposals:

#1-0040 – Electronic Client Record

A description of this proposal is outlined in Appendix B. Original funding request was for \$140,000. Recommended funding for approval is \$77,000 as work can be expedited on this initiative in 2018 within approved budgets.

#1-0043- MLHU Debt Repayment

Due to changes at the provincial government level, access to a Community Health Capital Program grant is uncertain. As a result, MLHU could be facing a larger debt than originally anticipated due to the relocation of its downtown office. In order to accelerate debt repayment this proposal aims to use variance funds up to \$250,000 within the year. This would be a top priority for allocation of variance funding.

#1-0039 – Enhanced Program Assistance Support

A description of this proposal is outlined in Appendix B. Original funding request was for \$29,711 and 0.5FTE. Recommended funding for approval is \$14,856 and 0.25FTE. Budget and time allocated for this additional resource have been reduced to address most essential work outlined within a constrained budget.

#1-0028 – Vision Screening Coordinator

A description of this proposal is outlined in Appendix C. Original funding request was for \$53,541 and 0.7FTE. The position was approved for \$26,771 and 0.35FTE. Budget and time allocated for this additional resource have been reduced to address most essential work outlined within a constrained budget

#1-0031 – Community Drug and Alcohol Strategy Coordinator

A description of this proposal is outlined in Appendix C. Original funding request was for \$89,447 and 1.0FTE. The position was approved for \$44,724 and 0.5FTE. Budget and time allocated for this additional resource have been reduced to address most essential work outlined within a constrained budget.

#1-0021 – Program Evaluator – Enhancement

This investment proposes to enhance MLHU Program Evaluator capacity by 0.5FTE, by expanding the existing complement from 5.5 FTE to 6.0 FTE Program Evaluator positions. Optimizing evidence-informed decision-making (EIDM) is a MLHU strategic objective outlined in the 2015-2020 strategic plan. Further, one of the main aims of the modernized Ontario Public Health Standards is to ensure that "public health practice is transparent, responsive to current and emerging evidence and emphasizes continuous quality improvement". The modernized OSPHPS have a number of new requirements related to effective public health practice, including substantial new accountabilities related to 1) program planning, evaluation and evidence-informed decision-making, and 2) quality and transparency. Program staff are primarily concerned with service delivery and direct client or program work. The program evaluator capacity allows for specialized support to be deployed to assist the program staff in program planning, implementation, continuous quality improvement, evaluation and evidence-informed public health practice as outlined in the Ontario Public Health Standards.

#1-0024 – Procurement Coordinator

A description of this proposal is outlined in Appendix C. Original funding request was for \$31,524 and 0.5FTE. The position was approved for 0.5FTE with the expectation that efficiencies and cost savings identified by the incumbent would offset the incremental salary and benefit costs.

#1-0007 – Enhanced Registered Public Health Dietitian Support in Healthy Start

Currently within Healthy Start, the Reproductive Health Team, the Early Years Team, the Best Beginnings Teams and the Nurse Family Partnership Team all share a 1.0 FTE Registered Public Health Dietitian. As workload over the past several years has exceeded the capacity, additional contract services have been used to fill some of the gaps on the RHT. The Early Years Team has been unable to support licensed childcare centers regarding new nutritional guidelines. In addition, the PHNs will require assistance from a Registered Dietitian to promote and to provide education to clients regarding new provincial legislation and guidelines from Health Canada. The addition of 2.5 days of a Registered Dietitian will address gaps, provide consistent food literacy education to at risk women when they are pregnant and then parenting young children, and support PHNs in educating their clients using the most up to date and evidence based nutrition information.

#1-0015 – Nurse-Family Partnership

A description of this proposal is outlined in Appendix B. Original funding request was for \$132,463 and 1.0FTE however FTE was reassigned based on the Reproductive Health Program review. Recommended funding for approval is \$30,000 and 0 FTE. Budget was adjusted to cover the licencing fees and implementation costs, whereas dedicated resources to support this position are being addressed from current staff complement.

#1-0037 – MLHU Corporate Rebrand

The Middlesex-London Health Unit's Corporate Graphic Standards have been in place since 2004 and work is already underway to refresh and update them. This includes work being done by the Graphic Standards Committee. The Health Unit's upcoming move provides a unique opportunity to apply changes

to the corporate look and brand. In October of 2018, these will undergo focus testing to better understand awareness of the Health Unit's brand, as well as programs and services. The outcome will help determine the costs that the MLHU will face to update resources, including business cards, letterhead, website and online properties and more. Potential changes to the Corporate Graphic Standards, including the creation of a new guide for staff, would be implemented in 2019, after consideration of the results of focus testing and subsequent work by the Graphic Standards Committee.



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2018 November 1

GREAT-WEST LIFE BENEFITS – RENEWAL UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee review and recommend that the Board of Health extend the current renewal period of the group insurance rates administered by Great-West Life, as described in Report No. 045-18FFC re: “Great-West Life Benefits – Renewal Update.”

Key Points

- The Board of Health previously approved the one-year renewal of a group benefits contract with Great-West Life (GWL), effective May 1, 2018.
- Before considering a return to market, MLHU, with the assistance of Aon Hewitt, approached its insurance carrier, GWL, to determine whether current rates could be discounted without going to market, with rate guarantees that would extend beyond the current renewal date of May 1, 2019.
- Preferred annual rates were secured, which will come into effect sooner, on January 1, 2019.
- As part of the renewal, the recommended life insurance premiums would decrease by 13.7% from the current rates; long-term disability (LTD) would decrease by 14.9%; dental premiums would remain flat (0%); and health premiums would remain flat (0%).
- By opting to stay with GWL without going to market, the Health Unit will achieve a reduction of proposed benefit costs throughout 2019, and will be able to defer a lengthy market search and potential migration to new business processes.
- Overall, the annual impact on benefit costs is a decrease of 2.7%, or \$38,414 annually. With a rate guarantee of three years on Life and LTD, MLHU will experience cost savings of up to \$115,242, based on current insurance volumes.

Background

Proposed 2018 renewal rates for group benefits were presented to the Finance & Facilities Committee (FFC) on May 3, 2018. At that time, the Health Unit indicated that it was considering a return to the market to assess whether the Middlesex-London Health Unit’s (MLHU) current group insurance rates remain competitive. A request for proposal, if warranted, would target the next renewal period, commencing May 1, 2019. During the FFC discussion on [Report 021-18FFC](#), it was proposed that as a first step, AON approach GWL on behalf of MLHU to determine whether the latter would consider extending a competitive offer.

New Insured Benefit Rates (Life, AD&D, LTD, Pooling Insurance, ASO Expenses)

[Appendix A](#) provides a history of the negotiated rates since moving to GWL. The rates being recommended for 2019 are lower than the pre-marketing rates from February 1, 2012, for Life, AD&D, and LTD. The Life and LTD insurance rates will be guaranteed to remain unchanged for a period of three years following the January 1, 2019 renewal. GWL included a condition that the LTD rates would be subject to an increase of up to 10% in the third year, if the Health Unit experiences more than two open LTD claims prior to January 1, 2021 (there is currently one open LTD claim today). In regard to the increase in Pooling Insurance charges, Aon Hewitt has confirmed that pooling charges have been increasing significantly throughout the insurance

industry, and rates are typically not negotiable. The ASO expense rates (the cost to administer the ASO benefits) will remain unchanged, and will be guaranteed to remain unchanged for an additional two years following the January 1, 2019 renewal.

ASO Benefits (Health and Dental)

These benefits are funded based on actual claims utilization of benefits paid. The Health Unit sets a monthly deposit rate in advance to fund expected claims and expenses, based on actual experience and on Aon Hewitt's analysis of emerging trends. As can be seen in [Appendix B](#), in the first nine months of 2018, there has been a favourable variance in the claims costs related to the premiums paid of \$85,297. Considering this positive variance and the experience of 2017, the current (May 1, 2018) ASO Health and Dental deposit rates will likely remain unchanged until January 1, 2020.

Conclusion

The Health Unit is currently under contract with GWL to provide group insurance to April 30, 2019. In response to a request to submit a revised quote without returning to market, GWL has offered new terms, effective January 1, 2019, with an overall decrease of 2.7%, or \$38,414, in annual benefit costs.

This report was prepared by the Finance Team, Healthy Organization Division.



Christopher Mackie, MD. MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

Middlesex London Health Unit
 Summary of Insured Rates for the Period February 1, 2012 through January 1, 2019
 Pre Marketing vs. Post Marketing Review

Benefit	Basis	Pre Marketing	Post Marketing					Option to stay with GWL without a Marketing	Proposed January 1 , 2019 Rates compared to Current Rate (May 1/18)
		01-Feb-12	01-Feb-13	01-May-15	01-May-16	01-May-17	01-May-18	1/1/2019 Proposed Adjustment	
Insured Rates									
Life	Per \$1,000	\$0.254	\$0.180	\$0.186	\$0.230	\$0.240	\$0.255	\$0.220	-13.7%
Accidental Death and Dismemberment	Per \$1,000	\$0.035	\$0.030	\$0.030	\$0.030	\$0.030	\$0.030	\$0.030	0.0%
Long Term Disability	Per \$100	\$2.880	\$2.330	\$2.500	\$2.750	\$2.890	\$2.890	\$2.460	-14.9%

January 1, 2019 Life & LTD rates are guaranteed for 3 years

LTD Notes:

Continue to be guaranteed provided there are no more than 2 open claims at the time the renewal is produced, or;
 If there are more than 2 open claims, no more than a 10% increase to the LTD benefit (i.e., a 2 year guarantee, and a 10% 3rd year LTD rate cap).

Middlesex-London Health Unit
History of Great West Life Premiums vs. Cost of Claims

Period	(A)	(B)	(A) - (B)
	ASO Premiums	Total Claims Cost	ASO Premiums - Actual Claims
2016			
January	\$ 92,146	\$ 85,489	\$ 6,657
February	94,838	86,419	8,419
March	93,786	84,515	9,271
April	96,061	81,384	14,677
May	105,943	89,674	16,269
June	112,209	101,353	10,856
July	108,212	84,260	23,952
August	107,591	111,124	(3,533)
September	107,348	100,077	7,271
October	105,431	93,146	12,285
November	104,944	96,478	8,466
December	107,591	87,493	20,099
Total	\$ 1,236,100	\$ 1,101,413	\$ 134,687
2017			
January	\$ 104,512	\$ 97,254	\$ 7,259
February	105,243	94,485	10,758
March	106,673	100,125	6,548
April	107,780	83,278	24,502
May	103,066	112,591	(9,526)
June	104,643	92,420	12,223
July	102,961	90,666	12,294
August	102,173	102,368	(195)
September	103,144	81,969	21,175
October	102,119	95,041	7,079
November	101,936	122,451	(20,515)
December	102,303	89,940	12,363
Total	\$ 1,246,551	\$ 1,162,588	\$ 83,964
2018			
January	\$ 102,961	\$ 106,835	\$ (3,874)
February	102,961	100,353	2,608
March	105,064	81,371	23,692
April	103,802	103,002	\$ 800
May	105,379	109,700	\$ (4,321)
June	104,906	81,149	\$ 23,757
July	102,989	89,152	\$ 13,837
August	104,670	94,363	\$ 10,307
September	103,042	84,550	\$ 18,491
Total (9 mths)	\$ 935,772	\$ 850,475	\$ 85,297

TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2018 November 1

ENTERPRISE RESOURCE PLANNING – HUMAN CAPITAL MANAGEMENT UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee:

- 1) Receive Report No. 046-18FFC re: “Enterprise Resource Planning - Update” for information;*
- 2) Recommend that the Board of Health approve the outsourcing of payroll services; and*
- 3) Recommend that the Board of Health approve the implementation of a comprehensive Human Resource Capital Management System within the financial parameters identified herein.*

Key Points

- The implementation of a Human Capital Management System will improve efficiencies and support future growth.
- A competitive bid is currently in process to establish a preferred solution.
- The solution will include the outsourcing of payroll services, a more robust time and attendance system, significant reporting capabilities and automation of current manual processes across the Human Resources, Finance, Operations and Information Technology portfolios.

Background

All of the current Human Resources processes including payroll are manually-driven. These processes involve paper records, electronic documents (Word, Excel) and shared network drives. None of these information sources are integrated, which creates inefficient processes and duplication of work. The creation of critical resource planning dashboard reports to support evidence-informed resource planning across the organization is labour intensive and timely.

In addition to the Human Resource (HR) processes, administration of payroll represents higher risk due to key-role dependency and limited cross training or back-up resources with comprehensive knowledge of the manual payroll system. The cross training risk was addressed recently but the inefficiency of the process cannot be addressed without an investment in new software and outsourcing of payroll administration to a competent team of resources.

ERP Requirements

Processes impacted by implementation of a Human Capital Management (HCM) System include the following:

- A. Talent Management (recruitment, on-boarding, performance management)
- B. Learning and Development (e-course delivery, tracking of Continuing Education Credits)
- C. Employee Management (Employee and document management, Employee self-service)
- D. Time & Attendance Management (eliminating paper tracking for dual reporting, vacation and shift scheduling)
- E. Reporting and Dashboard Capabilities
- F. Payroll and Benefits Administration

Benefits of a Human Capital Management System

A Price Waterhouse Coopers (PWC) study completed in March 2012 investigated the opportunity costs of operational inefficiencies in payroll and HR administration. This study of 150 organizations determined the average cost to maintain separate systems is \$200 per employee per year. This represents a \$68,000 cost to MLHU for operating multiple payroll, time and attendance, and HR data administration systems which are not integrated. This figure represents time efficiencies for all MLHU staff that could be reallocated from less task-focused processing responsibilities to more strategic functions. Similarly, studies investigating the Return on Investment related to workforce management have found the payback period is approximately two years or less.

Aside from the financial benefits from of the implementation of a HCM system, there are a number of other considerations. The risk of non-compliance from both a legal and regulatory perspective is mitigated as a third party provider will ensure systems are up to date in an ever changing landscape. Support for payroll and HR processes are also enhanced through dedicated consultants. Employee experiences are also improved through mobile device applications, self-service, recruitment and onboarding. These streamlined processes have been found to improve employee engagement and reduce turnover.

RFP

As a result, the Middlesex-London Health Unit issued a Request for Proposal 18-04 on October 12th for a comprehensive Human Capital Management System which would include outsourcing Managed Payroll Services. This RFP will close on October 26th. Initial cost estimates for this proposal are approximately \$175,000 annually for license and outsourcing related costs and up to \$90,000 for one-time implementation fees. These costs will be funded through offsetting efficiencies within the Healthy Organization Division.

Next Steps

Upon approval from the Board of Health the Healthy Organization Division will proceed with the implementation of a Human Capital Management System. Results of the RFP will be provided at the next Finance and Facilities Committee meeting.

This report was prepared by the Healthy Organization Division.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO