



TO: Chair and Members of the Board of Health

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

DATE: 2023 July 20

2024 BUDGET PROJECTION

Recommendation

It is recommended that the Board of Health:

- 1) *Receive Report No. 46-23 re: “2024 Budget Projection” for information;*
- 2) *Direct staff to submit relevant business cases via the City of London Multi-year Budgeting Process, including one to reflect the loss of mitigation funding, and one to request an inflation-related increase;*
- 3) *Direct staff to submit information to the County of Middlesex to support the 2024 budgeting process, to reflect the loss of mitigation funding, and to request for an inflation-related increase; and*
- 4) *Draft a letter of advocacy for stable and sufficient funding for local Public Health and direct it to the Minister of Health and the Premier of Ontario.*

Key Points

- The current projections for the Middlesex London Health Unit 2024 budget indicate a significant shortfall.
- The Ministry of Health is signaling the end of several one-time funding sources in 2024, including Mitigation funding, School Focused Nurses Initiative funding, and COVID-19 Extraordinary Expense funding.
- The 2023 budget process included zero-based budgeting for both General Expenses and staffing levels across the agency, and no further savings are available via this approach.
- Many health units in the province have submitted letters of advocacy for stable and sufficient funding for local Public Health to the Minister of Health and the Premier of Ontario, and staff are recommending a similar letter be drafted from the MLHU Board of Health.

Background

The Middlesex London Health Unit (MLHU) receives funding for programs deemed ‘Mandatory’ as outlined by the Ontario Public Health Standards (OPHS) from the Province of Ontario, the City of London, and the County of Middlesex. Funding from the Ministry of Health (MoH) has typically been provided in three categories: cost-shared with the Municipalities; 100% funded; and one-time (or temporary) funded.

Mitigation Funding

In 2019, the cost-shared funding model was planned to be changed from a 75:25 split with the Municipalities to a 70:30 split, however, significant concerns were raised, and one-time ‘Mitigation’ funding was provided to ease the burden on the Municipalities. In 2020, 2021, 2022 and 2023 one-time ‘Mitigation’ funding in the amount of \$1,361,300 was provided to the MLHU. The Ministry of Health is signalling an end to Mitigation funding beginning in 2024.

One-Time Funding

Notable one-time funding that has been provided to the MLHU the last several years includes the School Focused Nurses Initiative (SFNI), and COVID-19 Extraordinary Expense funding, which has enabled the MLHU to implement a comprehensive and successful response to the COVID-19 pandemic. Although the pandemic has ended, COVID-19 remains an indefinite risk to the population, requiring ongoing local public health response and resources. COVID-19 has recently been added to the list of Diseases of Public Health Significance (DOPHS), requiring public health staff to provide active Case and Contact/Outbreak Management. Additionally, significant infection prevention and control (IPAC) support and consultation is required for a myriad of settings including healthcare setting, long-term care and retirement homes, and congregate care settings. As well, Public Health Units (PHUs) across the province are anticipating the receipt of a 'Vaccine Planning Template' from the MoH, requiring each agency to outline its plan to provide COVID-19 vaccine, along with the Influenza vaccine, and those captured under the Immunization of School Pupils Act (ISPA). At this time, the Ministry of Health is signalling an end to one-time COVID-19 Extraordinary Expense funding beginning in 2024, as well as one-time SFNI funding in June 2023.

Base Funding

In 2022, the MoH provided a 1% increase in base funding (the combination of cost-shared and 100% funded program funding), the first increase to base funding since 2018. The contributions to the cost-shared budget from the City of London remained stable from 2010-2019 at \$6.1M annually, with the first increase of approximately \$600,000 requested in 2020 to address inflationary pressures amidst frozen funding from the province. The COVID-19 pandemic required significant redeployment of staff, and the increased amount was returned to the City, in keeping with historic practices of returning surplus funds to the Municipality at year end. Total refunds to the City of London from the MLHU between 2010 and 2021 totalled \$3.8M. Similarly, contributions to the cost-shared budget from the County of Middlesex remained consistent between 2010 and 2020 at \$1.2M annually, with the first increase requested in 2020 in the amount of approximately \$122,000. Surplus funds were also historically returned to the County, with total refunds between 2010 and 2021 totaling \$725,000. Inflationary pressures impacting base funding include labour contracts with unionized staff and corporate expense inflation.

'Gapping' Budget

In order to submit a balanced budget, and to account for employee turnover with associated vacancies, and unspent program funds, the MLHU has historically included a planned 'gapping' line in the budget. Pre-pandemic gapping budget was typically between \$900K and \$1.2M annually, however, in 2023 this number increased to \$1,539,315.

2023 Budget

The base funding for the Middlesex London Health Unit for 2023 remains unknown, with a zero percent increase in provincial funding used for planning assumptions, and no increase in funding requested from either Municipality. Mitigation funding, continuation of School Focused Nursing Initiative funding (to June 30, 2023), and availability of COVID-19 Extraordinary funds have been confirmed for 2023. Modified zero-based budgeting was undertaken during the 2023 budgeting process, yielding a significant decrease in general expenses of \$537,000, which is not repeatable. Workforce planning (to assist with forecasting) was introduced, and subsequent review in the first quarter of the year identified the need for several corrections in staffing allocations and program funding that will be included in the 2024 budget.

2024 Budget Projections

As noted above, for the 2024 Budget year, the MoH is signaling an end to Mitigation funding, School Focused Nurses Initiative funding, and COVID-19 Extraordinary funding. Acknowledging the ongoing risk of COVID-19 and the subsequent increase local public health work, the Infectious Disease Control and Vaccine Preventable Disease teams have estimated associated workload and staffing required, which will need to be absorbed in the MLHU Base Budget. Inflationary pressures continue, including contractual obligations for salary increases and corporate expenses. There is also a need to decrease the 'gapping' budget, given the resumption of most programs and services, and a decrease in employee turnover. These factors combine to indicate a significant shortfall in the 2024 budget for the MLHU.

Current Activities

Meetings have been set up with all local Members of Provincial Parliament (MPP) over the summer for the Board Chair, Medical Officer of Health (MOH) and the Chief Executive Officer (CEO). Delegations have also been requested at the upcoming Association of Municipalities of Ontario (AMO) meeting in August. Many Boards of Health (BOH), as well as the Association of Local Public Health Agencies (ALPHA) and the Association of Public Health Business Administrators (AOPHBA) have written letters to the Minister of Health and the Premier of Ontario, advocating for stable and sufficient public health funding, and it is recommended that the MLHU BOH do the same.

Next Steps

The City of London and the County of Middlesex Finance Administrators have been kept apprised of the risk with respect to the Mitigation Funding, as well as the COVID-19 Extraordinary Expense funding over the past several years. The City of London's multi-year budget process is underway with a draft budget submission for the MLHU due by August 15th. This includes several business case submissions, including an 'Assessment Growth' application which enables the MLHU to request additional funding in support of increased activities directly tied to the growth in the population and accompanying housing and industry expansion in London. There is also a 'Legislative' business case, which provides an opportunity to request additional funding that is a result of changes in legislation or funding models. The discontinuation of Mitigation funding falls in this category, and it is recommended that staff submit a business case given the timing of the City budget process, which could later be retracted if Mitigation funds are received. The 'Base Funding' business case includes the opportunity to submit inflation-related increases, and it is recommended that staff also request an inflationary increase. The County budget process does not launch until the beginning of 2024; however, it is recommended that communication be shared with respect to Mitigation funding and the need for an inflationary increase.

Advocacy via the MPPs, ALPHA, AOPHBA, and at AMO will include an overview of the financial pressures facing the MLHU. Staff will be notified of the challenge and the plan for advocacy via a Town Hall, followed by updates from their leaders to hear updates and ask questions.

This report was prepared by the Chief Executive Officer.



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