



TO: Chair and Members of the Board of Health

FROM: Graham L. Pollett, MD, FRCPC
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2013 BOARD OF HEALTH BUDGET TARGET – COST-SHARED PROGRAMS

Recommendation

It is recommended that the Board of Health determine the status of the 2005 Business Plan approach as it relates to the development of the 2013 budget.

Background

The Board of Health has reviewed a number of reports this year relating to the development of the 2013 budget. However, a decision has not yet been made as to what the 2013 budget target is to be for cost shared programs.

Since 2005 the Board's approach has been to use provincial grant increases to enhance public health programs and services to meet Board obligations under the Health Protection and Promotion Act, while keeping the municipal funding requests at the 2004 level (or 0%). Originally, under this approach, a 75/25 cost-sharing arrangement would have been achieved in the 2016 budget year. This was based on the assumption that there would be a 5% annual growth in provincial grants, which was the case up to and including 2009. In 2010, the provincial grant increase was reduced to 3%, and was further reduced in 2012 to 2%. Due to these reductions in the annual growth rate of provincial grants, the date to achieve a 75/25 cost-sharing arrangement under this approach is now extended to the 2030 budget year.

In addition to reduced provincial grant revenues, the Board's budget has been faced with added pressure by the City of London Council's 4 year property tax freeze direction that began in the 2011 budget year. As part of Council's desire to achieve a tax freeze, it is requesting the Board of Health to move towards a 75/25 cost-sharing arrangement in an expedited manner i.e. over the next 2 years.

2013 Budget Update

As Board of Health members were previously informed, the provincial grant increase for 2012 was 2% as opposed to the 3% budget request. This has resulted in a shortfall of \$181,230 for this budget year which must be addressed on an ongoing basis as it is a permanent reduction to the base budget. The details of this reduction can be found in Report No. 100-12 "2102 Budget – Provincial Approved Grants" this agenda.

At the June 21, 2012 Board of Health meeting, Board members considered the 2013 budget direction. The following resolution was passed:

That a decision re determining the status of the 2005 Business Plan as it relates to the development of the 2013 budget be deferred until Health Unit and City staff have had an opportunity to discuss and report back on potential cost efficiencies that could be realized through shared service agreements.

Report No. 102-12 this agenda provides an update on the status of discussions with City staff concerning opportunities for shared services agreements. This report highlights that any such agreements will not be

in place in time to have an impact on decisions regarding the development of the 2013 budget. It will therefore be necessary for Board members to determine the 2013 budget direction to enable staff to prepare a 2013 draft budget for consideration at a future Board meeting.

Board of Health 2013 Funding Decision

Table 1 below provides an updated summary of the impact of the 2013 City tax scenarios to that previously provided to the Board in June. This summary incorporates the 2% provincial grant that was received as opposed to the 3% grant that had been anticipated in June.

Table 1 – Revised Summary of Impact of 2013 City Tax Scenarios on Cost-Shared Program Budgets (Assuming a 2% Provincial Increase)

Tax Scenario	City Funding Reduction	County Funding Reduction	Provincial Funding Increase (2%)	Non-Discretionary Net Requirements	Total Funding Increase / (Decrease)
3.8%	(\$ 250,000)	(\$ 47,619)	\$ 301,984	\$779,666	(\$ 775,301)
2.0%	(\$ 500,000)	(\$ 95,238)	\$ 301,984	\$779,666	(\$ 1,072,920)
0.0%	(\$ 750,000)	(\$ 142,857)	\$ 301,984	\$779,666	(\$ 1,370,539)

As can be seen, if the Board follows the City's direction, even with a 3.8% property tax increase, there would be a \$775,301 budget shortfall for the 2013 cost shared budget. Even if the Board of Health approves a 0% funding increase (i.e no increase or decrease to City and County funding), there would still be a \$477,688 (\$779,666 - \$301,984) budget shortfall.

The following reports have been attached to provide further background information for Board members to assist in deciding the direction they wish to give to staff for preparing the 2013 Cost-Shared Budget.

[Appendix A](#) is Report No. 069-12 – 2013 City of London Budget Target – deferred from May 2012

[Appendix B](#) is Report No. 084-12 – 2013 Board of Health Budget Target – Cost-Shared Programs

It will be recalled, the Board of Health has legislative responsibility under the Health Protection & Promotion Act for the administration and governance of the Health Unit. The Act further stipulates under Section 72, that it is the Board of Health which establishes the funding required to cover “the expenses incurred by or on behalf of the Board of Health of the Health Unit in the performance of its functions and duties under this or any other Act”. The same Section stipulates that designated municipal funders (i.e., City of London, County of Middlesex) are required to pay their share of the Board approved funding requirements.

While the Municipal funders can set targets for the Board, the final decision regarding budget requirements rests with the Board of Health. It is therefore essential that the Board of Health determine its approach to the development of the 2013 budget. That is, does the Board intend to continue with the 2005 business plan which calls for a 0% municipal funding increase until a 75/25 cost sharing ratio is achieved or move in an expedited manner to achieve a 75/25 cost sharing arrangement.



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This report addresses Policy No. 4-10 (Budget Preparation and Approval) as outlined in the MLHU Administration Policy Manual.