

Finance + Audit Committee Report BH.04.NOV0321.R10

November 3, 2021

Report to: Finance + Audit Committee, Board of Health

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Approved by: David Kingma, CAO and Director of Administrative Services

Submitted by: Dr. Nicola Mercer, Medical Officer of Health & CEO

Subject **2022 Draft Budget**

Recommendations

That the Finance + Audit Committee makes recommendation to the Board of Health to:

1. receive the 2022 Draft Budget, as presented.
2. to approve the 2022 Draft Budget, as presented.

Background

Wellington-Dufferin-Guelph Public Health (WDGPH) receives funding for its operating budget from multiple sources. These include: the Ministry of Health (“the Ministry”), the Ministry of Children, Community and Social Services (MCCSS), the City of Guelph, the County of Wellington, the County of Dufferin and the Public Health Agency of Canada.

The majority of WDGPH funding comes from the Ministry and is used to fund a range of public health programs that are cost-shared with the three municipalities that comprise WDGPH’s geographic territory (City of Guelph, County of Wellington, County of Dufferin). In addition, there are also a small number of 100% provincially funded programs.

In 2021 the majority of WDGPH funding was allocated to the COVID-19 pandemic response. While several facets comprised this response, the most notable were the Agency’s case management and mass vaccination clinic efforts.

Regrettably, WDGPH’s pandemic response efforts will need to continue in 2022 as directed by the Ministry. Vaccination efforts for eligible members of the 12+ community continues, and it is anticipated that vaccine will be ready for distribution to the 5-11 age group beginning in mid November. In addition, 3rd dose booster shots for vulnerable population and other groups identified by the Ministry will also be required.

In response to these needs and Ministry directions, it is anticipated that WDGPH’s funding allocation will again be devoted in large part to the fight against COVID-19 – at least for the first 6 months of the year.

However, in 2022 the Ministry is continuing its “one-time” reimbursement program which will cover nearly all pandemic-related costs that exceed the budget capabilities of the Public Health Units – including WDGPH. As a result, COVID-19 expenses incurred above and beyond the Agency’s budget resources, will continue to be treated separately and reside outside of the operating budget.

This Report presents a consolidated budget of the Agency’s program funding that is provided by the Ministry and includes a breakdown of: (a) programs that are cost-shared with the three municipalities, and (b) programs that are funded 100% by the Ministry. Appendices 1, 2 and 3 present these budgets, grouped as follows:

- *Appendix “1”* - Cost-shared Budget;
- *Appendix “2”* - Ministry of Health 100%-funded budgets: includes all sources of funding for specific initiatives that receive 100% provincial funding; and
- *Appendix “3”* - Consolidated Budget.

Each of the sub-budgets have been numbered, as follows, and these numbers will be used consistently throughout this Report when referring to a sub-budget component:

Report Reference Number	Budget Type	Appendix
(1)	Cost-Shared Programs (Mandatory & Related)	Appendix “1”
(2)	100% Ministry of Health Funded Budgets	Appendix “2”
(3)	Consolidated Budget	Appendix “3”

Public Health and/or Financial Implications

The following assumptions have informed the 2022 budget:

Revenues:

- Ministry based funding levels for 2022 are expected to be unchanged from 2021.
- WDGPH has requested that municipal funding be increased by 2.0% to support the overall cost-shared budget increases noted in this report.

Note: The same level of increase (2%) has been requested from all three municipal partners and discussed with the appropriate Senior Staff accordingly.

Expenses:

- Salaries & Wages – salary increase as per Closed Session Executive Committee Meeting of October 26, 2021 (1.75% for 2022).
- Employee Benefits:
 - Statutory – small inflationary increases applied to each of CPP, EI, WSIB and OMERS; and
 - Non-statutory – 4-6% overall increase (including Medical, Dental and LTD) based on most current projections from benefit consultants (Mosey & Mosey).
- Travel – reduced annual costs based on anticipated focus of COVID-19 pandemic response which results in significantly higher virtual communications, and less physical travel.
- Professional and Purchased Services – reduced annual costs based on anticipated focus of COVID-19 pandemic response, as well as a detailed efficiencies exercise.
- Program materials and supplies - reduced annual costs based on anticipated focus of COVID-19 pandemic response, as well as detailed efficiencies exercise.
- Building Occupancy – reduced annual costs based on anticipated focus of COVID-19 pandemic response which results in decreased daily occupancy, as well as detailed efficiencies exercise.
- Expenditure Recoveries and Offset Revenues – level of budget reflects continued reduction in vaccine sales and revenues related to publicly-offered courses during the Agency's response to the COVID-19 pandemic, similar to estimate in 2021.
- One-time strategic investments – reflects the expected 2022 costs associated with the continued development of the HR portion of the new ERP system purchased to replace dated, legacy corporate systems. The Financial module was successfully completed and GO LIVE was achieved on June 1, 2021.

(1) COST-SHARED PROGRAMS

Funding for Cost-Shared Programs is received as a global budget, meaning the Agency receives a lump sum of funding from the province used to fund program deliverables that are required by the Agency to ensure adherence to the Ontario Public Health Standards, or in the case of this year's pandemic – to fight the COVID-19 virus. The allocation of these funds is determined by the BOH based on Senior Management recommendations.

Cost-Shared Programs Included In This Funding Allocation:

- Active Living
- Chief Nursing Officer
- Community Based Immunization Outreach
- Community Connections
- Effective Public Health Practice
- Emergency Management
- Food Safety
- Enhanced Food Safety
- Harm Reduction
- Harm Reduction Program Enhancement
- Health Equity
- Health Hazard Prevention & Management
- Healthy Eating
- Healthy Families

- Healthy Pregnancies
- Healthy Smiles Ontario
- Immunization Monitoring & Surveillance

- Immunizations for Children in Schools & Licensed Child Care Settings
- Infection Control
- Infection Prevention & Control Nurses Initiative
- Infectious Diseases Prevention
- Infectious Diseases Control Initiative
- Injury Prevention

- Mental Health Promotion
- Menu Labelling
- Needle Exchange Program Initiative

- Non-Publicly Funded Immunizations
- On Call
- Oral Health
- Parenting
- Population Health Assessment
- Preconception Health
- Rabies
- School Health Promotion
- Sexual Health
- Smoke Free Ontario Strategy
- Social Determinants of Health Nurses Initiative
- Speech & Language
- Substance Use
- Tuberculosis Prevention & Management
- Vaccine Administration

- Vaccine Management
- Vision Screening

- Vector-Borne Diseases
- Safe Water
- Enhanced Safe Water

(2) Ministry of Health's 100% Funded Budgets

The Ministry also provides “dedicated funding”, at 100%, for specific positions, programs and enhancements to programs.

This funding is presented, in aggregate, in Appendix “2”, and includes the following:

- MOH/AMOH Compensation Initiative;
- Ontario Seniors Dental Care Program (OSDCP); and
- COVID-19 Extraordinary Expenditures (e.g. School-Focused Nurses Initiative).

Unlike the cost-shared budget, this funding will be allocated exclusively towards its intended program purpose as per Ministry direction

(3) CONSOLIDATED BUDGET

The Consolidated budget shows the Cost-Shared Program Budget and the Ministry's 100%-Funded programs combined. This can be viewed in Appendix “3”.

WDGPH programs that are not included in this draft budget are:

- Healthy Babies Healthy Children (HBHC) March 31st year-end – funding provided by the MCCSS;
- Other Community Grants – based on individual service contracts.

Budget Objectives

The Senior Leadership Team's (SLT) objectives for the 2022 budget are:

- Ensuring the Agency is well-positioned to respond to further pandemic-related service requirements;
- Alignment with organizational vision and strategy, updated Ontario Public Health Standards, and Accountability Framework;
- Balanced budget;
- Value for money.

Budget Process

The following process was undertaken for the preparation of the 2022 budget:

To date:

- Budget guidelines provided to management team;
- Salaries and benefits costs for 2022 calculated by Finance with support from the Agency's benefit provider;
- Preparation of program operating budgets and operational plans by Program Managers;
- Review of program operating budgets and operational plans by Directors;
- Finance compilation of Divisional Budgets;
- Finance meetings with Agency leadership to review budgets submitted;
- Senior Leadership Team (SLT) review of draft budget and preliminary discussion of one-time grant requests; and
- Preparation of report and presentation for Finance + Audit Committee based on SLT approved draft.

To come:

- Finance + Audit Committee review and recommendation to BOH for approval;
- BOH approval;
- Finalize list of one-time grants;
- Present final list of one-time grants to be submitted to BOH in February 2022;
- Preparation of Annual Service Plan and Budget Submission;
- Submit Annual Service Plan and Budget Submission (February - March 2022); and
- Receive provincial funding approval from Ministry later in 2022 (Summer).

2022 Budget Information

One-Time Grants

One-time grants requests are currently being considered, however it appears unlikely that the Ministry will entertain requests this year given the province-wide focus on the pandemic response.

Risk Analysis

As of the writing of this report, the areas of risk and opportunity for the BOH related to the 2022 budget are:

- Possible discontinuation or a reduced version of the Ministry's reimbursement program for COVID-19 pandemic costs that exceed the Agency's budget resources;
- Possible future reductions in provincial funding; and
- Further impacts from the Province's Public Health Transformation/Amalgamation efforts.

References

Appendix "1" – Cost-Shared Programs Budget (1)

Appendix "2" – Ministry of Health's 100% - Funded Programs Budget (2)

Appendix "3" – Consolidated Budget (3)

Appendix "4" – Budget Notes

Appendix 1

Wellington-Dufferin-Guelph Public Health 2022 – 2023 Draft Budget – Cost Shared

	2021	2022				2023			
	BOH Approved	Increase (Decrease)		Notes	Proposed Budget	Increase (Decrease)		Notes	Proposed Budget
		\$	%			\$	%		
Revenues									
Government Funding									
Grant - Ministry of Health	14,781,500	0	0.0%	1	14,781,500	0	0.0%	1	14,781,500
Grant - City of Guelph	4,122,287	82,446	2.0%	2	4,204,733	84,095	2.0%	2	4,288,828
Grant - County of Wellington	2,845,551	56,911	2.0%	2	2,902,462	58,049	2.0%	2	2,960,511
Grant - County of Dufferin	1,925,677	38,514	2.0%	2	1,964,191	39,284	2.0%	2	2,003,475
Transfers from reserve	22,333	(22,333)	(100.0)%	4	0	0	0.0%		-
Total Funding	23,697,348	155,538	0.7%		23,852,886	181,428	0.8%		24,034,314
Interest revenue	27,000	(4,813)	(17.8)%	3	22,187	5,309	23.9%	3	27,496
Total Interest Income	27,000	(4,813)	(17.8)%		22,187	5,309	23.9%		27,496
Total Revenues	23,724,348	150,725	0.6%		23,875,073	186,737	0.8%		24,061,810
Expenses									
Employee Costs									
Employee salaries & wages	13,481,743	276,355	2.1%	5	13,738,098	247,288	1.8%	5	13,985,384
Employee benefits	4,426,904	151,123	3.4%	6	4,578,027	114,451	2.5%	6	4,692,478
Total Employee Costs	17,888,647	427,478	2.4%		18,316,125	361,736	2.0%		18,677,861
Operating Costs									
Travel	265,483	(26,000)	(9.8)%	7	239,483	0	0.0%		239,483
Staff training	179,056	(7,478)	(4.2)%	7	171,578	0	0.0%		171,578
Program supplies	663,101	(91,375)	(13.8)%	8	571,726	(5,000)	(0.9)%		566,726
Professional & purchased services	880,565	(90,500)	(10.5)%	9	770,065	(10,000)	(1.3)%		760,065
Equipment and furniture	7,868		0.0%		7,868	0	0.0%		7,868
Board of Health	34,650	(1,000)	(2.9)%		33,650	0	0.0%		33,650
Building occupancy	2,307,903	(45,000)	(1.9)%	10	2,262,903	(10,000)	(0.4)%		2,252,903
Information & IT equipment	799,474	(5,000)	(0.6)%		794,474	0	0.0%		794,474
Telecommunications	162,882	(5,000)	(3.1)%		157,882	0	0.0%		157,882
Office expenses, printing, postage	159,193	(5,400)	(3.4)%		153,793	0	0.0%		153,793
Expenditure recoveries and offset revenue	(243,048)	0	0.0%		(243,048)	0	0.0%		(243,048)
Transfers to reserves	488,574	0	0.0%	11	488,574	0	0.0%		488,574
One-time strategic investments - Operating	150,000	0	0.0%	12	150,000	(150,000)	(100.0)%	12	0
Total Operating Costs	5,835,701	(276,753)	(4.7)%		5,558,948	(175,000)	(3.1)%		5,383,948
Total Expenses	23,724,348	150,725	0.6%		23,875,073	186,736	0.8%		24,061,809
Net Surplus (Deficit)	0	0			0	0			0

Appendix 2

Wellington-Dufferin-Guelph Public Health 2022-2023 Draft Budget – 100%-funded Ministry of Health

	2021	2022			2023				
	BOH Approved	Increase (Decrease)		Notes	Proposed Budget	Increase (Decrease)		Notes	Proposed Budget
		\$	%			\$	%		
Revenues									
Government Funding									
Grant - Ministry of Health	1,820,968	25,532	1.4%	1	1,846,500	(812,000)	-44.0%	2	1,034,500
Grant - City of Guelph	0	0			0	0			-
Grant - County of Wellington	0	0			0	0			-
Grant - County of Dufferin	0	0			0	0			-
Transfers from reserve	0	0			0	0			-
Total Funding	1,820,968	25,532	1.4%		1,846,500	(812,000)	(44.0)%		1,034,500
Interest Income									
Interest revenue	0	0			0	0			0
Total Interest Income	0	0			0	0			0
Total Revenues	1,820,968	25,532	1.4%		1,846,500	(812,000)	(44.0)%		1,034,500
Expenses									
Employee Costs									
Employee salaries & wages	1,084,910	(14,276)	(1.3)%		1,070,634	(642,500)	(60.0)%		428,134
Employee benefits	284,695	538	0.2%		285,233	(159,827)	(56.0)%		125,406
Total Employee Costs	1,369,605	(13,738)	(1.0)%		1,355,867	(802,327)	(59.2)%		553,540
Operating Costs									
Travel	5,000	0	0.0%		5,000	0	0.0%		5,000
Staff training	2,250	0	0.0%		2,250	0	0.0%		2,250
Program supplies	144,113	90	0.1%		144,203	(9,673)	(6.7)%		134,530
Professional & purchased services	264,000	42,180	16.0%		306,180	0	0.0%		306,180
Equipment and furniture	0	0			0	0			0
Board of Health	0	0			0	0			0
Building occupancy	10,000	0	0.0%		10,000	0	0.0%		10,000

	2021	2022			2023				
	BOH Approved	Increase (Decrease)		Notes	Proposed Budget	Increase (Decrease)		Notes	Proposed Budget
		\$	%			\$	%		
Information & IT equipment	0	0			0	0			0
Telecommunications	0	0			0	0			0
Office expenses, printing, postage	26,000	(3,000)	(11.5)%		23,000	0	0.0%		23,000
Expenditure recoveries and offset revenue		0			0	0			0
Transfers to reserves		0			0	0			0
One-time strategic investments - Operating		0			0	0			0
Total Operating Costs	451,363	39,270	8.7%		490,633	(9,673)	(2.0)%		480,960
Total Expenses	1,820,968	25,532	1.4%		1,846,500	(812,000)	(44.0)%		1,034,500
Net Surplus (Deficit)	0	(0)			0	0			0

Notes:

1. Details of 100%-funded Programs

	2022			2023			
Ontario Seniors Dental Care Program	869,100	0	0.0%	869,100	0	0.0%	869,100
MOH/AMOH Compensation	138,118	27,282	19.8%	165,400	0	0.0%	165,400
School Focused Nurses - COVID-19	813,750	(1,750)	(0.2)%	812,000	(812,000)	(100.0)%	0
Total	1,820,968	25,532	1.4%	1,846,500	(812,000)	(44.0)%	1,034,500

2. Funding for the School Focused Nurses (COVID-19) is temporary and has currently been approved only until July 2022.

Appendix 3

Wellington-Dufferin-Guelph Public Health 2022-2023 Draft Budget – Consolidated

	2021	2022			2023				
	BOH Approved	Increase (Decrease)		Notes	Proposed Budget	Increase (Decrease)		Notes	Proposed Budget
		\$	%			\$	%		
Revenues									
Government Funding									
Grant - Ministry of Health	16,602,488	25,532	0.2%		16,628,000	(812,000)	0.0%		15,816,000
Grant - City of Guelph	4,122,287	82,446	2.0%		4,204,733	84,095	2.0%		4,288,828
Grant - County of Wellington	2,845,551	56,911	2.0%		2,902,462	58,049	2.0%		2,960,511
Grant - County of Dufferin	1,925,877	38,514	2.0%		1,964,191	39,284	2.0%		2,003,475
Transfers from reserve	22,333	(22,333)	(100.0)%		0	0	0.0%		-
Total Funding	25,518,316	181,070	0.7%		25,699,386	(630,572)	(2.5)%		25,068,814
Interest revenue	27,000	(4,813)	(17.8)%		22,187	5,309	23.9%		27,496
Total Interest Income	27,000	(4,813)	(17.8)%		22,187	5,309	23.9%		27,496
Total Revenues	25,545,316	176,257	0.7%		25,721,573	(625,263)	(2.4)%		25,096,310
Expenses									
Employee Costs									
Employee salaries & wages	14,546,653	262,079	1.8%		14,808,732	(395,214)	1.8%		14,413,518
Employee benefits	4,711,599	151,661	3.2%		4,863,260	(45,376)	2.5%		4,817,884
Total Employee Costs	19,258,252	413,740	2.1%		19,671,992	(440,590)	(2.2)%		19,231,402
Operating Costs									
Travel	270,483	(26,000)	(9.6)%		244,483	0	0.0%		244,483
Staff training	181,306	(7,478)	(4.1)%		173,828	0	0.0%		173,828
Program supplies	807,214	(91,285)	(11.3)%		715,929	(14,673)	(2.0)%		701,256
Professional & purchased services	1,124,565	(48,320)	(4.3)%		1,076,245	(10,000)	(0.9)%		1,066,245
Equipment and furniture	7,868	0	0.0%		7,868	0	0.0%		7,868
Board of Health	34,650	(1,000)	(2.9)%		33,650	0	0.0%		33,650
Building occupancy	2,317,903	(45,000)	(1.9)%		2,272,903	(10,000)	(0.4)%		2,262,903
Information & IT equipment	799,474	(5,000)	(0.6)%		794,474	0	0.0%		794,474
Telecommunications	162,882	(5,000)	(3.1)%		157,882	0	0.0%		157,882
Office expenses, printing, postage	185,193	(8,400)	(4.5)%		176,793	0	0.0%		176,793
Expenditure recoveries and offset revenue	(243,048)	0	0.0%		(243,048)	0	0.0%		(243,048)
Transfers to reserves	488,574	0	0.0%		488,574	0	0.0%		488,574
One-time strategic investments - Operating	150,000	0	0.0%		150,000	(150,000)	(100.0)%		0
Total Operating Costs	6,287,064	(237,483)	(3.8)%		6,049,581	(184,673)	(3.1)%		5,864,908
Total Expenses	25,545,316	176,257	0.7%		25,721,573	(625,263)	(2.4)%		25,096,310
Net Surplus (Deficit)	0	0			0	(0)			(0)

Appendix 4

Wellington-Dufferin-Guelph Public Health 2022-2023 Draft Budget – Budget Notes

1. Ministry of Health - we are not expecting any increases to annual base funding for Cost-shared programs for next two years.
2. Municipalities:
 - request for funding increase from all three municipal funders will be set at 2% for each of the next two years.
 - as of 2023, combined municipal funding represents 38.5% of total government funding
3. Interest revenue - interest earned on bank balances will be lower in 2022 due to continuing cash "outflows" for COVID-19 pandemic expenditures in first 6 months of the year. Interest income returns to more normal range once cash balances are replenished by 2023 after pandemic response has ended later in 2022.
4. Transfers from reserve - the annual transfer from the Fluoride reserve ends
5. Employee Salaries and Wages:
 - Staff salary increases projected as 2% for 2022 and 1.75% for 2023. Increases also reflect some upwards movement in grids from year to year.
 - Total salaries budget includes over \$900k in annual "gapping", which was increased from \$500k for 2021 budget.
6. Employee Benefits:
 - Statutory Benefits (e.g. CPP, EI, OMERS) projected to increase about 1% in total, mainly for CPP
 - Non-Statutory Benefits (e.g. Medical, Dental, LTD) projected to increase 4-6%, based on discussions with Mosey & Mosey
7. Travel and Staff Training - in addition to continued hybrid/remote working operations, there is a continued delay in more normal program operations.
8. Program Supplies - category includes costs of vaccine supplies purchased for resale. Given continued pandemic response, sales of vaccines will be restricted, as was the case in 2021. Vaccine sales estimates were significantly reduced for 2021 Budget, but supplies were not as yet adjusted until 2022 Budget.
9. Professional and purchased services:
 - budgeted amounts added in previous year for union negotiations and additional legal fees being reduced for 2022 and future budgets.
 - expense category includes the following: advertising, agency insurance premiums, corporate legal fees, IT system operating fees, offsite file storage, annual audit fees, annual payroll processing, etc.
10. Building Occupancy - based on detailed review of historical costs, have reduced annual estimated utilities and other costs.
11. Transfers to Reserves - an additional \$100k annual transfer was added to this line for 2021 budget.
12. One-time strategic investments - Operating
 - Strategic Investments represents the cost of the new ERP (Finance + HR) system implementation.
 - It is expected that HR component will be implemented during 2022, with GO LIVE expected before beginning of 2023.