



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2015 September 3

2016 BOARD OF HEALTH BUDGET – FINANCIAL PARAMETERS

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health on budget targets for the 2016 Board of Health budget.

Key Points

- On July 16th the Board of Health approved the 2016 PBMA process, criteria and weighting for PBMA proposals
- Financial parameters are also required in developing the operating budget.

Background

In the health system, it is generally accepted that resources are scarce. That is, there are not enough resources available to meet all the claims on those resources. This concept is built into the Board of Health's budget process by using the Program Budget Marginal Analysis (PBMA) process. The PBMA process is a criteria-based budgeting process that facilitates reallocation of resources based on maximizing service impact. At the July 16th meeting the Board approved the process, criteria and weighting in which proposals will be reviewed as explained in [Report No. 19-15FFC](#), re: "Proposed 2016 PBMA Process, Criteria and Weighting."

2016 Budget – Financial - Parameters

Developing high level planning parameters is an integral part of any budget development process. They help guide and inform planning and resource allocation decisions. Ideally the parameters should be linked to the organization's strategic direction. The City of London's 2016 budget is being developed using a multi-year budget. That is, the City is seeking approval of their 2016-2019 operating plans. On May 12, 2015, City Council approved an overall average annual tax levy increase between 2.2% and 2.9% over the 2016-2019 period. This amount could vary year to year, but on average would not exceed 2.9% when averaged over the four year period. In order to ensure the City's budget is submitted within the tax levy increase ranges approved by Council, Civic Administration have set service area targets. All Civic Departments and Boards & Commissions have been provided a direction of 1.5% increase in each of the four years except for the Middlesex-London Health Unit and the London Police Service which has been asked to submit a 0% and 1.0% respectively for each of the four years. For the purpose of developing a draft 2016 Board of Health budget, the following three financial planning parameters are being considered:

1) 0% municipal funding increase

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

2) 1.5% increase in municipal funding

This planning parameter will support the municipal components of both the current CUPE and ONA contracts, although the provincial component would continue to be pressured. It is consistent with the guidance received from City staff for other Boards and Commissions. It mitigates expected inflationary pressures on existing public health programs and services and impacts on programs due to expected reductions in provincial funding. However, it is not consistent with the Board of Health's approach taken since 2005 as explained above, nor with City staff's 2016 request of 0% for the Board of Health.

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

The Committee may wish to examine and/or recommend other options at the September 3rd meeting.

Conclusion

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

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



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