



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2016 September 1

2017 BOARD OF HEALTH BUDGET – FINANCIAL PARAMETERS

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health to approve the following assumptions for planning the 2017 budget:

- 1) 2% increase in provincial funding for Mandatory Programs; and*
- 2) 0% increase in municipal funding for Mandatory Program; and further*
- 3) 0 % grant increase for all other programs.*

Key Points

- On July 21st the Board of Health approved the 2017 PBMA process, criteria and weighting for PBMA proposals.
- Financial parameters are also required in developing the operating budget.
- The province remains committed to funding public health units on a funding formula basis.
- The City of London's 2016-2019 approved operating budgets includes a 0% change to the level of funding for the Middlesex-London Health Unit.

Background

In the health system, it is generally accepted that resources are scarce. 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 21st meeting, the Board approved the process, criteria and weighting in which proposals will be reviewed as explained in [Report No. 023-16FFC](#), re: "Proposed 2017 PBMA Process, Criteria and Weighting".

2017 Budget – Financial - Parameters

Establishing high-level planning parameters is an integral part of any budget development process. They help guide and inform planning and resource allocation decisions. A number of factors are considered when recommending budget parameters including the Health Unit's strategic direction, provincial funding guidance, and municipal funding considerations.

Provincial Funding

Beginning with 2015 grant approvals, the Ministry of Health and Long-Term Care (MOHLTC) approved Mandatory Program grants based on a [new funding model](#) as a result of implementing recommendations of the Funding Review Working Group. The report recommended funding allocations for public health units based on population and equity measures. It identified MLHU as one of the lowest provincially funded public health units on a per capita basis. By implementing the recommendations the MOHLTC is committed to funding public health units to a "model share" over time (on a go forward basis). That is, as Mandatory Program grants are being approved; funding increases will go to the identified public health units (eight in 2015) whose funding share is lower the "model share". In 2015, MLHU received a 3.6% increase in its

Mandatory Program grant as a result. As part of the 2016 planning process the Board of Health approved a budget that included a 2% increase in provincial funding for Mandatory Programs. This was a balanced estimate that considered provincial guidance to plan for 0%, projections from the new funding model, uncertainty of the outcomes of the uploading of dental treatment programs, and the desire for the Province to balance its annual budget by 2017/2018. It is expected that the MOHLTC will provide grant approvals in the late Summer (Q3) or early Fall (Q4).

In regards to 100% provincially funded programs, these programs historically have not received annual increases. For the Ministry of Children & Youth Services programs, the granting process is different in that the Minister approves a preliminary grant and then requests public health units to submit program budget and service outcomes based on the preliminary grant.

Municipal Funding

Earlier in 2016 the City of London approved a multi-year budget covering the 2016 – 2019 operating year. During this four year period, if there is no significant changes, business plans are updated and Council is provided an annual progress update. The City's multi-year budget was approved on March 10, 2016 with a 4 year average tax levy target between 2.2% and 2.9%. Included in City's budget was a 0% change to their contribution to the [Middlesex-London Health Unit](#). This is consistent with previous year's requests. In fact the municipal level of contribution to the Middlesex-London has remained relatively the same since 2005, with a \$119,000 reduction which occurred in 2012.

The County of Middlesex approves their budget in March each year and has not historically provided budget target guidance in the past.

Conclusion

Establishing high-level planning parameters is an integral part of any budget 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. For the 2017 operating budget development process it is recommended that the Board of Health approve a 2% provincial grant increase, a 0% municipal increase for Mandatory Programs, and 0% grant increase for all other programs.

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



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