CITY WIDE / À L’ÉCHELLE DE LA VILLE

SUBJECT: 2013 BUDGET PROCESS AND TIMELINES

REPORT RECOMMENDATIONS
That the Board of Health for the City of Ottawa Health Unit:
1. Receive this report for information; and
2. Approve the budget process for the Board of Health’s 2013 budget, including the schedule and timelines.

Background
Under the Health Protection and Promotion Act (HPPA), the Board of Health is accountable for budget oversight and annual approval of budget allocations for Ottawa Public Health (OPH). In conjunction with OPH’s Strategic Priorities and the Ontario Public Health Standards, the annual budget enables the Board to set its priorities and direction as well as confirm the necessary funding to develop and implement OPH’s work plan.
Ottawa Public Health’s Funding Model
Funding for public health services in Ontario comes from a variety of sources.
1. Cost Shared: Programs that have a cost-shared arrangement with the City of Ottawa and the Ministry of Health and Long-Term Care, or the Ministry of Children and Youth Services, whereby 75% of funding is allocated by the province and the remaining 25% is allocated by the City. The majority of OPH’s programs are funded through this model.
2. 100% Provincial, Federal or Third Party Funded: Programs that receive 100% funding from the provincial government (e.g. Healthy Babies Healthy Children and Healthy Smiles Ontario); federal government (e.g. Air Quality Health Index) or third party sources (e.g. Cancer Care Ontario, sponsorships).
3. Cost Recovery: Programs that have a cost recovery component (e.g. Sexual Health services and Food Handler Training program).
4. 100% City Funded: Public health programs that are 100% funded by the City (e.g. Mental Health and Head Injury Prevention).

2013 Draft BOH budget
OPH management team has begun working with the City’s Finance Department to prepare a detailed 2013 budget for review and approval by the Board in the Fall of 2012, which optimizes compliance with the Ontario Public Health Standards and maximizes use of all available funding. This report lays out the process and timelines for the approval of the 2013 Draft Board of Health budget.

DISCUSSION

Planning Approach for the 2013 Budget
On June 13, 2012, Ottawa City Council approved the 2013 Proposed Budget Process and Timetable Report (ACS2012-CRM-FIN-0022), which outlined a new methodology for determining assessment growth and tax increase allocation. This new methodology has resulted in a smaller than anticipated target allocation of $399K for the Board of Health’s 2013 operating budget. The 2013 target allocation includes a 2.5% tax increase and a fixed value for growth assessment based on 2012 growth, rather than increasing by 2%, due to the current economic climate.

Provincial funding for cost-shared programs was reflected in the 2012 budget with a projected 2.5% increase. The approval letter from the Ministry of Health and Long-Term Care, received on July 17, 2012 included a 2% budget increase for 2012 (Document 1). Therefore, an estimate of a 2% increase for 2013 ($545K), will be used to develop the 2013 budget.

This estimated increase only applies to the cost-shared programs. Base funding for programs which are 100% provincially funded will receive 0% increase even though the inflationary pressure associated with compensation exists. This means the overall percentage increase, based on the total amount of provincial funding OPH receives (cost-shared and 100%) is represents 1.4% growth.
For 2013, OPH will have a Service Ottawa Efficiency target of $696K. Efficiency savings from the implementation of mobility initiatives will be reinvested in growth pressures for existing OPH programs and will be built into the 2013 budget plan. Vacating leased office space will result in additional savings of $100K.

In total, OPH will have approximately $1.74M to develop the 2013 Budget. The compensation provision, which includes contract settlements, increments and benefits, will be the first commitment against the available funding for 2013. The compensation provision estimated for 2013 budget planning is estimated to be $1.065M. This would leave OPH with approximately $675K to fund current and emerging service pressures, including lease costs and other inflationary items.

In the current economic environment, the need for the Board of Health and the Financial Committee to seek alternative sustainable funding sources is crucial to meet the growing demands for public health programs and our ability to offer new programs.

A full report and presentation on the development of the budget will be made on October 15, 2012, when the budget is tabled to the Board at its regular meeting.

2013 Budget Schedule
The following table outlines key dates for the draft budget development and approval process. These timelines are aligned with the City’s internal budget development timetable.

**Table 1: 2013 Budget Timeline**

<table>
<thead>
<tr>
<th>Process</th>
<th>Date</th>
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<tbody>
<tr>
<td><strong>Board of Health Process</strong></td>
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<tr>
<td>2013 Budget Process and Timelines Report</td>
<td>August 20, 2012</td>
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<tr>
<td>Draft 2013 Budget Report and Presentation to Financial Committee</td>
<td>September 24, 2012</td>
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<tr>
<td>Draft 2013 Budget Report and Presentation</td>
<td>October 15, 2012</td>
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<tr>
<td>Community Consultations and Final Draft Budget Approval</td>
<td>November 19, 2012</td>
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<tr>
<td><strong>City of Ottawa’s Council Process</strong></td>
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<tr>
<td>Draft 2013 Budget Tabling at Council - Boards &amp; City Departments</td>
<td>October 24, 2012</td>
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<tr>
<td>Community Budget Consultations</td>
<td>October 29 – November 2, 2012</td>
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<tr>
<td>Final 2013 Budget Approval at Council - Boards &amp; City Departments</td>
<td>November 28, 2012</td>
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CONSULTATION
Community Budget Consultations will take place as outlined in the 2013 Budget Timeline (Table 1).

LEGAL IMPLICATIONS
There are no legal impediments to receiving the information in this report and there are no legal impediments to the implementation of the second recommendation in this report.

FINANCIAL IMPLICATIONS
As outlined in this report.

BOARD OF HEALTH STRATEGIC PRIORITIES
The recommendations in this report support the Board of Health Strategic Priority: Influence and align with provincial and municipal long-range strategic and financial plans (F4).

TERM OF COUNCIL PRIORITIES
N/A

SUPPORTING DOCUMENTATION
Document 1 – Letter from Roselle Martino and Kate Manson-Smith, from the Ministry of Health and Long-Term Care to Medical Officer of Health, Dr. Isra Levy, Ottawa Public Health dated July 17, 2012
Document 2 – Letter from Minister of Finance, Dwight Duncan, to Broader Public Sector Employers

DISPOSITION
Staff will develop the 2013 draft budget in accordance with the report recommendation and implement the budget process as outlined in the report.