



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Chair and Members Board of Health	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: February 28, 2011	
SUBJECT/REPORT NO: 2011 Tax Supported Operating Budget – Public Health Services (FCS11023h) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department Elizabeth Richardson, MD, MHSc, FRCPC Medical Officer of Health Public Health Services	PREPARED BY: Helen Klumpp (905) 546-2424 ext 3508 Tom Hewitson (905) 546-2424 ext 4159
SIGNATURE:	

RECOMMENDATION

- (a) That the 2011 net operating levy for Public Health Services of \$10,516,421, inclusive of Recommended Savings Options as per Appendix Three to report FCS11023h, be considered;

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- (b) That the 2011 Requested Program Enhancement pertaining to Public Health Services as per Appendix Four to report FCS11023h be considered;
- (c) That the Medical Officer of Health be authorized and directed to execute all 2011 Federal and Provincial Program Service Level Funding Agreements and any ancillary agreements required to give effect thereto and Contracts for Public Health Services as provided for in Appendix One to report FCS11023h. This also includes the authority to authorize the submission of budgets and quarterly/year end reporting.

EXECUTIVE SUMMARY

The draft 2011 Public Health Services budget is submitted for Council's consideration.

			Gross	Net	
2010 Budget			\$47,296,085	\$10,926,192	
	2011 Gross Change \$	2011 Levy Change \$			
2011 Base Budget (1)	(\$131,223)	(\$226,021)		(0.3)%	(2.1)%
2011 Recommended Savings Options	(\$140,000)	(\$140,000)		(0.3)%	(1.3)%
2011 Draft Budget excluding Provincial Impact			\$47,024,862	\$10,560,171	
2011 Provincially Mandated	(\$175,000)	(\$43,750)		(0.4)%	(0.4)%
2011 Draft Budget			\$46,849,862	\$10,516,421	
2011 Draft Budget Change			(\$446,223)	(0.9)%	(\$409,771) (3.8)%

¹ inclusive of base budget savings (see Appendix Two for details)

As shown above, the draft 2011 Public Health Services budget results in a net levy decrease of approximately -\$410,000 or -3.8%. The net levy base budget is decreasing -\$226,000 or -2.1% mainly as a result of increased provincial subsidies. The Ministry of Health and Long Term Care (MOHLTC) advised Public Health units that for 2011 planning purposes, a 2% to 3% increased subsidy target could be assumed. As a result, a 3% subsidy increase has been incorporated into the budget which has contributed to 75/25 cost sharing on mandatory program expenditure increases as well as subsidy being applied to costs that were previously not subsidized.

Increases in employee related costs and the intended 100% funded Healthy Babies Healthy Children program were offset by decreases in operating line expenditures including those detailed below (Base Budget Savings).

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The provincially mandated impact is as a result in the reduction of anticipated costs to the expanded Children in Need of Treatment (CINOT) program for ages 14-17 years. This previously 100% funded program moved to a 75/25 funding arrangement in 2010 and the budget was based on best information at the time for this relatively new program. Clarification from the Ministry of Health Promotion and Sport on 2011 funding commitments and historical expenditure patterns resulted in reduced budget allocations for this program for 2011.

Base Budget Savings

In preparation of the 2011 draft budget, Senior Management Team directed departments to thoroughly review their budgets in an effort to identify all potential budget savings which can be achieved with no impact on service delivery. These “base” budget savings include such things as efficiencies, revenues and zero impact reductions. Although SMT continues its internal process to develop additional budget savings, included in the 2011 draft budget are the base budget savings which have been identified to date. Appendix Two to report FCS11023h identifies these base budget savings totalling -\$113,500 (updated from -\$74,000 identified in the draft Budget Summary Report FCS11023) which have been identified within the Public Health Services budget.

Recommended Savings Options

In addition to base budget savings, recommended savings options were developed for Council’s consideration. These savings options are treated separately as they may have a small impact on staffing or service levels, however are being recommended, and as such, included in the 2011 draft budget.

There is one recommended savings option identified within the draft 2011 Public Health Services budget totalling -\$140,000. The following table identifies this recommended savings option. Further information is provided in the details form included in Appendix Three to report FCS11023h.

Recommended Savings Options	FTE	2011 Impact	
		Gross	Net
Public Health Research Education & Development (PHRED)	-	(140,000)	(140,000)
Total Recommended Savings Options	-	\$ (140,000)	\$ (140,000)

Requested Program Enhancements

Public Health Services is requesting a program enhancement with no impact on the net levy (\$20,000 gross) as identified in the following table. This enhancement is not included in the draft 2011 budget pending Council consideration.

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Requested Program Enhancements	FTE	Annualized Impact	
		Gross	Net
Canada Prenatal Nutrition Program (100% funded)	0.10	20,000	-
Total Requested Program Enhancements	0.10	\$ 20,000	\$ -

The detailed form on this requested program enhancement is included in Appendix Four to report FCS11023h.

Complement

The 2011 draft complement for the Public Health Services is 399.2 FTE, representing a minor reduction of -0.23 FTE when compared to the 2010 restated complement. A total complement reduction of -.99 FTE is due to the completion of program funding and reductions to maintain costs within funding envelopes. In addition, a -.24 FTE reduction formed part of the base budget savings in which service levels were not impacted. These reductions were offset by the addition of 1.0 FTE for the Addictions Services Initiative (CS10086) program.

	2010		2011 Draft	2011 Draft vs 2010 Restated	
	Approved	Restated			
Public Health	387.39	399.43	399.20	(0.23)	-0.1%

The 12 FTE increase between the 2010 approved and restated budget is as a result of the approval of 9 FTE for the Healthy Smiles Ontario program and 3 FTE transferred from Community Services.

Alternatives for Consideration – See Page 5

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: The draft 2011 Public Health Services budget results in a net levy decrease of approximately -\$410,000 or -3.8%. The main factor is an anticipated increase of 3% for provincial subsidies.

Staffing: The draft 2011 Public Health Services budget results in a complement of 399.2 FTE. This represents a minor reduction of -0.23 FTE when compared to the 2010 restated complement.

Legal: N/A

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HISTORICAL BACKGROUND (Chronology of events)

As directed by the General Issues Committee (GIC) on January 21st, staff are bringing forward the 2011 draft budget based on the City's current position. The budget summaries and overviews for Public Health Services are included in the attached Appendix One to report FCS11023h. Senior Management Team will continue its internal process to develop further budget savings and present these during budget deliberations in March/April, 2011.

POLICY IMPLICATIONS

N/A

RELEVANT CONSULTATION

The budget has been developed in conjunction with internal and external partners.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

As indicated, the Public Health Services draft budget is decreasing by approximately -\$410,000 or -3.8%. The following table identifies the draft budget by division.

	2010		2011			2011 Draft vs. 2010 Budget	
	Budget	Projected Actuals	Base Budget	Savings Options	Draft Budget	\$	%
PUBLIC HEALTH SERVICES							
Office of Medical Officer of Health	2,849,108	2,785,307	2,611,735	0	2,611,735	(237,372)	(8.3)%
Planning & Business Improvement	973,748	968,794	972,860	(140,000)	832,860	(140,889)	(14.5)%
Clinical & Preventive Services	2,191,210	2,107,390	2,125,180	0	2,125,180	(66,031)	(3.0)%
Family Health	964,423	970,497	1,017,073	0	1,017,073	52,650	5.5%
Health Protection	2,137,184	2,132,996	2,106,697	0	2,106,697	(30,487)	(1.4)%
Healthy Living	1,810,517	1,807,134	1,822,875	0	1,822,875	12,358	0.7%
TOTAL PUBLIC HEALTH SERVICES	10,926,192	10,772,117	10,656,421	(140,000)	10,516,421	(409,771)	(3.8)%

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

As part of the budget deliberations, Council can direct changes to the budget as required. Staff will also continue to monitor the 2010 year-end actuals in an effort to identify further opportunities to reduce the 2011 budget.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability,
3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development,
6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Healthy Community

- ◆ An engaged Citizenry

APPENDICES / SCHEDULES

Appendix One – 2011 Departmental & Divisional Overviews

Appendix Two – 2011 Base Budget Savings

Appendix Three – 2011 Recommended Savings Options

Appendix Four – 2011 Requested Program Enhancements