

REPORT TO COUNTY COUNCIL

Business Plan and Budget Review – 3rd Quarter

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATION

1. That Report CS 2023-37 entitled “Business Plan and Budget Review – 3rd Quarter” be received for information.

REPORT HIGHLIGHTS

- Delivery of the 2023 goals and objectives is progressing as planned
- 2023 forecasted year end County operating deficit of \$0.3 million, comprised of
 - County general levy surplus of \$0.3 million
 - Library surplus of \$0.0
 - Water and wastewater systems reserve contribution net decrease of \$0.2 million
 - Special Program net deficit of \$0.4 million allocated to/from program reserves for fleet, facilities, and waste collection

IMPLEMENTATION POINTS

Staff will continue to monitor rising inflation on County services and take appropriate action where required. This will be the final 2023 financial update for Council until the new year.

Financial Impact

This report is based on information Finance staff have compiled from the financial systems and input received from each of the respective departments. The year to date financial activity as presented in this report anticipates a consolidated year end deficit position.

Attached to this report as Attachment 1 is the Q3 2023 Overall Forecast Variance as at September 30, 2023. The forecast figures suggest an overall operating deficit of \$283,885 - surplus of \$365,115 in the general levy; \$0 surplus in the library levy; a deficit of \$227,399 for the water and wastewater systems; and an overall deficit of \$421,601 for program reserves.

Communications


This report is intended to update Council on the progress on business plan goals and financial impacts and funding received to date. Through *Council this Week*, a summary of this report is also being provided to the public.

2023-2026 STRATEGIC PLAN

Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council's vision of "Working together for a healthy, vibrant, and sustainable future." These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
		Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

DISCUSSION

Background

In accordance with the reporting provisions contained within the Long Term Financial Sustainability Plan, staff has prepared progress updates for each of the approved goals and

objectives within their business plans, accompanied by budget variance reports annotated to explain significant variances as of September 30, 2023.

Comments

Financial Operating Forecast

Attachment 1 to this report provides a financial summary of the forecasted surplus (or deficit) by division. At September 30, 2023 forecasted year-end overall deficit is \$283,885, which is comprised of:

- County general levy surplus of \$365,115;
- Library levy surplus of \$0;
- Water and wastewater system deficit of \$227,399 – allocated to/from four water and eleven wastewater reserves
- Program reserve deficit of \$421,601 – allocated to/from four program reserves - fleet, facilities, and waste collection.

The overall deficit of \$283,885 reflects the impact of inflationary pressures. Some notable variances are outlined below:

- \$0.6 M net investment income
- \$0.2 M water and wastewater rates income
- \$(0.3 M) water and wastewater chemicals
- \$(0.5 M) increased WSIB claims costs in Woodingford Lodge and Paramedic Services
- \$(0.9 M) development charge exemptions
- \$(0.1 M) gas heating expenses due to rising energy costs
- \$0.5 M in-year approved budget impacts - detailed in Table 1
- \$(0.4 M) increase levy request from Southwestern Public Health

In accordance with the updates recommended to 6.20 Reserves Policy through Report CS 2023-36, the forecasted surplus/deficit will be allocated/funded as follows:

Funding	Forecasted Surplus (Deficit) \$	6.20 Reserve Policy Allocation
County General Levy	365,115	<ul style="list-style-type: none"> • 25% to Corporate General Reserve \$73,023 • 50% to Roads Reserve \$182,558 • 5% to Bridges Reserve \$18,256 • 20% to Social Housing Facilities Reserve \$91,278
Library Levy	0	<ul style="list-style-type: none"> • 100% to Library General Operating Reserve \$0
Wastewater	448,653	<ul style="list-style-type: none"> • Woodstock Wastewater \$204,116 • Tillsonburg Wastewater \$132,323 • Ingersoll Wastewater \$43,845 • Norwich Wastewater (\$33,617) • Tavistock Wastewater \$3,190 • Plattsville Wastewater (\$716) • Thamesford Wastewater \$60,936 • Drumbo Wastewater (\$43,476) • Mt Elgin Wastewater (\$2,043)

Funding	Forecasted Surplus (Deficit) \$	6.20 Reserve Policy Allocation
		<ul style="list-style-type: none"> • Embro Wastewater \$71,569 • Innerkip Wastewater \$12,526
Water	(676,052)	<ul style="list-style-type: none"> • Woodstock Water (\$111,445) • Tillsonburg Water \$68,785 • Ingersoll Water (\$259,621) • Township Water (\$373,771)
Facilities	54,484	• Facilities \$54,484
Fleet	(154,311)	• Fleet (\$154,311)
Waste Collection (Bag Tag)	(321,774)	• Waste Collection (\$321,774)
	(\$283,885)	

The 2023 budget included a salary gapping provision of \$550,000. The year to date salary and benefit forecasts continue to be monitored to assess the impacts of gapping. At this time, the gapping provision is expected to be a fair representation of the overall salaries and benefits underspent by year end.

Attachment 2 to this report provides a summary of in-year transfers and emergency purchases approved by the CAO in accordance with Purchasing Policy 6.07, in response to projects that exceed the approved budget provision.

As the Municipal Act does not allow municipalities to carry a deficit, when a deficit occurs it must be funded in the following year's budget – meaning it must be funded through the levy or existing reserves. The planned adjustments to reserves have sufficient balances to fund this year's projected deficits.

Financial Capital Forecast

The Q3 2023 Capital Plan Review, attached as Attachment 3, illustrates the 2023 approved capital budget (including in-year approved budget transfers, and forecast carry-forward variances from the prior year); forecasts; and, projected year end variances for each project.

The projected overall variance for year end is estimated to be a surplus of approximately \$13.4 million or 13.3% of the revised budget. Supply shortages and staffing challenges are contributing to the delay in completing projects.

Q3 Business Plan and Budget Division Updates

Attachment 4 of this report provides Q3 2023 business plan updates by division including comments prepared by the respective departments.

Budget Impacts Update

Oxford County's 2023 Budget was passed on January 11, 2023. The budget, including provincial funding, was estimated using the best available information at the time. Subsequent to budget approval, the province has released new information impacting the County's 2023 budget and specific services. This is a common occurrence as the Municipal and Provincial fiscal years do not align, with the Provincial year end being March 31 while the municipal year end is December 31.

On May 10, 2023, Report No. CS 2023-15 was presented to Council summarizing new or additional funding announcements known at that the time. Subsequently, additional information and initiatives have come forward with detailed descriptions of the budget impacts are summarized in Table 1 below.

Table 1 – Budget Impact Update to 2023 Budget

#	Report	Description	Division	2023 Provincial Funding Increase	2023 Projected Levy Savings
1	CS 2023-15	Family Transitions - Local Priorities Fund	Woodingford Lodge	\$36,500	\$27,000
2	CS 2023-15	RN, RPN, and PSW Staffing Supplement	Woodingford Lodge	420,768	420,768 ¹
3	CS 2023-15	AHP Staffing Supplement	Woodingford Lodge	40,122	37,944
		Resident Health and Well-Being Program	Woodingford Lodge	34,722	
4	CS 2023-15	Supporting Professional Growth Fund	Woodingford Lodge	2,841	-
5	CS 2023-15	Long-term Care Level of Care	Woodingford Lodge	349	349
6	CS 2023-15	Early Learning and Child Care	Child Care	153,178	-
		Canada-Wide Early Learning and Child Care Agreement	Child Care	3,922,296	
		Mental Health Support	Child Care	21,028	
7	CS 2023-15	Zero Emission Vehicle Infrastructure Program	Facilities	360,000	-
8	CS 2023-26	IPAC Leads Personnel and Education	Woodingford Lodge	242,325	56,819
9	CS 2023-26	Integrated Program Support	Human Services	-	-

#	Report	Description	Division	2023 Provincial Funding Increase	2023 Projected Levy Savings
10	CS 2023-26	Family Transitions - Local Priorities Fund 2023-24	Woodingford Lodge	336,840	-
				\$5,570,969	\$542,880

Note 1 – These funds would also be available in the event that the Woodingford Lodge Master Plan identifies additional staffing resource requirements within the fiscal year, subject to Council approval.

Southwestern Public Health

Oxford County, City of St. Thomas and Elgin County are municipal funding partners for the Southwestern Public Health (SWPH), on a cost shared basis with the Ministry of Health and Long Term Care. The Ministry provides the majority of the funding for public health services across the province. The demand on public health services to address the pandemic, mental health and addictions are imposing a significant financial impact on public health services.

At the Board of Health meeting held on June 22, the Board considered further investments to address declining population health in the wake of COVID-19 and passed the following resolution:

“That the Board of Health for Southwestern Public Health approve the Further Investments in Public Health Priorities Report for June 22, 2023.”

In response, SWPH will request that the Ministry of Health commit to including the additional costs in annual base funding for this mandatory program work. Given that previous provincial funding increases (except COVID-19 monies) have not been approved for the public health sector, the Board of Health anticipates the full increase to be applied to the municipal levy. As such, the 2023 SWPH Board of Health levy for Oxford County was increased by \$143,697.

Subsequent to this, on September 29, 2023, the County was notified of another levy increase in the amount of \$233,787 (Oxford County’s share).

“SWPH has requested that the Ministry assist with providing additional base funding in the amount of 4.5% despite inflation nearing 7% particularly given that base funding from the Ministry has not kept up with inflationary demands year over year.

The total cost shared budget for SWPH public health has been set by the Board of Health at \$18,048,416. The total levy for the above noted budget for the County of Oxford is \$2,792,299 however in the event that SWPH does not receive the requested base funding increase from the Ministry of Health, the levy to the County will be adjusted accordingly and we will advise you of the revised amount if required.”

The total 2023 budget deficit for Southwestern Public Health is projected to be \$383,083.

Modernization Funding

Between 2019 and 2021, the Ministry of Municipal Affairs and Housing (MMAH) announced 3 phases of one-time grants for municipalities intended to help modernize service delivery and reduce future costs by investing in projects: service delivery reviews, development of shared services agreements, and capital. Phase 1 Modernization grant was unconditional, where Phase 2 and 3 were application-based.

Attachment 5 to this report, summarizes the projects approved under each of the three MMF funding intakes, including brief status updates; financial expenditures incurred to date; and, approved project costs.

In summary, there are 25 modernization projects supported by provincial funding: 20 projects are completed; 5 projects are in progress with anticipated completion in 2023.

Safe Restart Agreement and Provincial COVID-19 Recovery Funding

The County’s COVID related costs were fully funded for years 2020 to 2022. The County received \$3.5 million as part of the Federal-Provincial Safe Restart grant, and \$1.2 million as part of the Provincial COVID-19 Recovery Funding for Municipalities in 2021. The County has utilized \$714,696 to offset COVID related operating costs from 2020 to 2022; and is forecasting to utilize \$4,032,060 in 2023-2024. In accordance with direction from the Ministry, since funding exceeded COVID-19 related costs to date, the residual funding has been allocated to a dedicated reserve for use in 2024.

Table 2 – Safe Restart Agreement Fund and Provincial COVID-19 Recovery Funding Continuity

	Opening Balance	Revenue	Expenses	Closing Balance
2020	\$-	\$3,502,100	\$169,504	\$3,332,596
2021	3,332,596	1,244,656	281,788	4,295,464
2022	4,295,464	-	263,404	4,032,060
2023 – Forecast	4,032,060	-	1,424,125	2,607,935
2023 Budget Carryover to 2024	2,607,935		2,607,935	-
		\$4,746,756	\$4,746,756	

CONCLUSIONS

Overall, the 2023 third quarter reports indicate that the County’s current financial position is cautiously positive. Staff will continue to assess alternative courses of action to mitigate the budget impacts which will include, but not be limited to, finding efficiencies and opportunities for the balance of 2023 and in preparation for the 2024 Business Plans and Budget.

SIGNATURES

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Original signed by

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Departmental approval:

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Approved for submission:

Original signed by

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ATTACHMENTS

- Attachment 1 – Q3 2023 Overall Forecast Variance
- Attachment 2 – Approved Transfers and Emergency Purchases Summary
- Attachment 3 – Q3 2023 Capital Plan Review
- Attachment 4 – Q3 2023 Business Plan Update by Division
- Attachment 5 – Q3 Modernization Project Update