

**To:** Warden and Members of County Council

**From:** Director of Corporate Services

## 2022 Budget Update – January 2022

### RECOMMENDATION

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1. That Report No. CS 2022-02 entitled “2022 Budget Update – January 2022”, be received for information.

### REPORT HIGHLIGHTS

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- New information received since 2022 budget approval on December 8, 2021 2022 represents potential savings of \$444,965

### Implementation Points

Staff will continue to monitor the ongoing financial impact on County services and take appropriate action where required.

### Financial Impact







An overall potential savings to the 2022 budget of \$444,965 is due to new information received since the budget was passed on December 8, 2021. Further variances in the 2022 Budget will continue to evolve over the year as they do in a typical fiscal period, however this early year variance is the result of recent funding announcements that were pending approvals at the time the budget was approved.

### Communications

This report is intended to update Council on the 2022 Budget financial impacts and funding received to date in the new fiscal year. Through *Council this Week*, a summary of this council report is also being provided to the public.

The next update for Council will be provided at the end of the fiscal year’s second quarter, or earlier if circumstances significantly change, such as those which prompted this report.

## Strategic Plan (2020-2022)

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
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## DISCUSSION

### Background

The 2022 Business Plan and Budget was approved by Council at their regular meeting held December 8, 2021, and the authorizing Budget By-law No. 6402-2022 was passed at their January 12, 2022 meeting. The approved budget includes:

- \$66,552,568 levy for general purposes
- \$4,061,003 levy for library purposes
- \$51,541 for Court Security
- \$63,869,668 for the Capital Plan

### Comments

Subsequent to approval of the 2022 Business Plan and Budget, the County has received new or supplementary information, that cumulatively has a significant impact on the 2022 Budget.

A few are typical adjustments that occur early in almost every fiscal year, being the County's portion of the Southwestern Public Health levy; levies for the four Conservation Authorities that have watersheds within the County's boundaries; and the County's annual allocation of the Stewardship Ontario's Blue Box Program. The net amount of these adjustments represent \$444,965 with the prominent contributor being Stewardship Ontario which is \$489,259 more than the 2022 budget provision.

The remaining matters that present budget adjustments are related to upper levels of government funding programs that the County will benefit from in 2022 and, although they will not have an impact on the County's 2022 levy, they will either cover costs to deliver new and existing programs or eliminate the need to use reserves to fund a project previously approved.

More information on these funding sources are provided below.

### Ontario Community Infrastructure Fund

The Ontario Community Infrastructure Fund (OCIF) provides funding for small, rural and northern communities to develop and renew their infrastructure. Formula-based OCIF grants may be accumulated for up to five years.

Starting with the 2023 allocations, the formula will be calculated using forward-looking Current Replacement Values (CRVs) and CRV estimates to approximate requirements to maintain municipal core infrastructure assets, instead of closing cost balance values from the Financial Information Return. A smoothing mechanism will be implemented to limit year-over-year changes in funding to  $\pm 15$  percent of the previous year's allocation. The changes ensure that funding is targeted to address core infrastructure needs while also providing stability and certainty to eligible municipalities.

On December 8, 2021 County Staff received an allocation notice indicating that the eligible OCIF grant amount for the 2022 funding year is \$5,044,292. These funds will be contributed to the OCIF Reserve. The County uses the OCIF funds towards bridge and major culvert projects. Due to design requirements for eligible projects, no additional structures are proposed to be added to the 2022 budget. Staff will assess and determine the appropriate 2022 bridge and culvert projects to apply OCIF funds to as part of its Annual Financial Report – 2022 Allocation submission, carrying any remaining funds forward for future year projects.

### **Child Care and Early Years Workforce Funding**

In August 2021, Canada and Ontario signed a new Early Childhood Workforce Funding Agreement, which provides approximately \$149.9M in one-time funding to support the retention and recruitment of a high-quality child care and early years workforce.

The Ministry of Education's (Ministry) approach for this funding provides for flexible, multi-faceted strategies recognizing the importance of not only recruiting new individuals into the profession, but also retaining, supporting and recognizing the existing child care and early years workforce.

The key objectives for this investment are as follows:

- Sustain the existing workforce to ensure a more stable and high-quality early years and child care system.
- Enhance access to opportunities for the workforce that promote retention and recruitment, including professional development, training and qualification upgrade programs.
- Grow the number of qualified staff in the child care and early years workforce to increase access to licensed child care for families.
- Attract and support the development of an increasingly diverse workforce to more effectively reflect the children and families accessing early years and child care programs.

County staff received notice of the County's allocation under this program in late Fall, however there were not sufficient details provided at the time to determine the 2022 budget impact.

Oxford County's allocation under this program is \$600,110 for 2022 and \$150,028 for January to March of 2023. Staff have now assessed the program criteria and developed a project plan that will deliver the required outcomes. The plan involves a two-year contract staff position to recruit licensed home child care providers to join one of the licensed home child care agencies that

Oxford County will have in 2022; market licensed home child care throughout the County; coordinate professional learning opportunities; and implement quality initiatives, among other duties.

### Conservation Authorities

At the time of budget approval, only the Long Point Region Conservation Authority draft 2022 budget had been received. The County has since received the remaining three Conservation Authority draft budgets. Variances between the County's approved budget estimates and the respective Conservation Authority's draft 2022 budgets are presented in Table 1.

The Conservation Authorities' levy estimates in the County's approved budget, with the exception of Long Point Region Conservation Authority which was adjusted, are based on a historical average increase for each of the respective Conservation Authorities. These forecast figures are subject to change when the respective Conservation Authorities' Boards approval their budgets in the coming weeks.

**Table 1 – Draft Conservation Authority Budget**

<b>Conservation Authorities</b>	<b>New information</b>	<b>2022 Approved Budget</b>	<b>2022 Forecast</b>	<b>Variance</b>
Catfish Creek Conservation Authority	2022 Preliminary draft budget	\$14,430	\$14,212	\$218
Grand River Conservation Authority	2022 Preliminary draft budget	100,860	100,481	379
Long Point Region Conservation Authority	No change	449,841	449,841	-
Upper Thames River Conservation Authority	2022 Preliminary draft budget	1,127,040	1,046,256	80,784
		<b>\$1,692,171</b>	<b>\$1,611,169</b>	<b>\$81,381</b>

The Conservation Authorities' 2022 draft and final budgets will be posted on the Council intranet as they are received.

### Public Health

The Southwestern Public Health Board met on December 10, 2021 and approved a 2022 budget. The County of Oxford's portion of the SWPH Board budget for 2022 is \$2,628,966. Included in the 2022 Approved County's budget is a provision of \$2,503,291, which presents a shortfall in the County's budget of \$125,675.

Furthermore, at the October 27, 2021 meeting, County Council approved the advance of funds to cover ongoing cash flow issues of Southwestern Public Health due to the delay in receiving reimbursement of COVID-19 response related expenditures. The total amount advanced was \$2,219,015, which was funded from the Corporate General Reserve. On December 16, 2021, these funds were returned to the County and posted to the Corporate General Reserve in 2021.

## Stewardship Ontario

On December 23, 2022, the County was notified that the 2022 municipal funding allocation under the Stewardship Ontario's Blue Box Program is \$1,553,969, which is \$489,259 higher than the 2022 Budget of \$1,064,710.

## 2022 Budget Impact Summary

Table 2 in this report summarizes the new funding impacts identified since approval of the 2022 Budget.

**Table 2 – 2022 Budget Impact**

Dept	Division	New information	2022 Budget	2022 Forecast	Surplus (Deficit)
General	Public Health	2022 Southwestern Public Health Approved Levy	2,503,291	2,628,966	(125,675)
Public Works	Waste Management	2022 Stewardship Ontario Grant	(1,064,710)	(1,553,969)	489,259
Human Services	Child Care	Early Childhood Workforce Funding	-	(600,110)	-
		1.0 FTE increase for contract FTE, external transfers, and training	-	600,110	
General	Conservation Authorities	2022 Preliminary draft budget	1,692,171	1,610,790	81,381
Capital	75 Graham Street	Funding source to be announced*	-	Up to (750,000)	-
		Reduction in Child Care Mitigation Reserve & Facilities Reserve Funding*	(1,024,733)	(274,733)	
	Bridge & Major Culvert Projects	Ontario Community Infrastructure Fund 2022 Funding	-	(5,044,292)	-
		Allocated to OCIF Reserves (2022 Capital projects will funded using OCIF, reducing the required funding from Bridge Capital reserve. Some carryover to 2023 Budget is expected)	-	5,044,292	
					<b>444,965</b>

\* This was a 2021 Capital Project carried over to 2022 Budget – funding source to be announced pending execution of a contribution agreement

## Conclusions

Staff will continue to monitor and update council as new information is received that significantly impacts the 2022 Budget, otherwise the next planned financial update will report on projections as of the end of the second quarter.

## SIGNATURES

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Original signed by

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### Departmental Approval:

Original signed by

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Director of Corporate Services

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