

Attachment 2

OVERVIEWPROGRAM TORONTO PUBLIC HEALTH**YEAR-TO-DATE AT MARCH 31, 2003**

	ACTUAL	BUDGET	VARIANCE OVER/(UNDER)	
	(\$000's)	(\$000's)	(\$000's)	%
<u>Gross Expenditure:</u>				
Consulting Costs	69.1	70.0	(0.9)	1.2%
Utility Costs <i>(cost elements 2215, 2220, 2230, 2250)</i>	65.4	52.7	12.7	24.2 %
Other Expenditures	29,096.9	30,028.4	(931.6)	(3.1%)
Total Gross Expenditure	29,231.4	30,151.1	(919.7)	(3.1%)
Revenue	8,243.0	8,315.7	(72.7)	(0.9%)
NET EXPENDITURE	20,988.4	21,835.4	(847.0)	(3.9%)

Approved Positions as at March 31, 2003:

Permanent / Full Time	1,535.0	1,535.0	0	N/A
Permanent / Part Time	98.4	98.4	0	N/A
Temp / Seasonal / Casual Full Time	26.0	26.0	0	N/A
Temp / Seasonal / Casual Part Time	25.1	25.1	0	N/A
	1,684.5	1,684.5	0	

PROJECTIONS TO YEAR-END

	ACTUAL	BUDGET	VARIANCE	
	(\$000's)	(\$000's)	(\$000's)	%
<u>Gross Expenditure:</u>				
Consulting Costs	185.5	185.5	0	N/A
Utility Costs <i>(cost elements 2215, 2220, 2230, 2250)</i>	263.3	263.3	0	N/A
Other Expenditures	169,652.0	169,652.0	0	N/A
Total Gross Expenditure	170,100.8	170,100.8	0	N/A
Revenue	100,484.1	100,484.1	0	N/A
NET EXPENDITURE	69,616.7	69,616.7	0	N/A

 Signature – Head of Program/Agency/Board/Commission

OPERATING VARIANCE COMMENTARY

PROGRAM

TORONTO PUBLIC HEALTH

A. Explanation of Significant Variances

I. Consulting Costs

The variance in consulting cost is insignificant. Year to date (YTD) consulting expenditure amounts to \$69.1 thousand against a budget of \$70.0 thousand. Consulting expenditure is expected to be higher than budget at year-end. One-time consulting request was not approved by City Council, Public Health may under-spend in other areas of budget to offset over-spending in consulting.

II. Utility Costs

The unfavourable variance in utility cost of \$12.7 thousand or 24.2% is largely due to the increased hydro expense. While utility costs are 13.6% higher compared to the same period last year, an analysis of the breakdown indicates that the hydro bill increased by 88% over the same period last year while both natural gas and water increased by only about 1%.

The increase in the hydro cost can be attributed to a combination of the following:

- Increase in the usage of electricity due to a relatively colder and prolonged winter.
- Timing differences in the hydro bill as there is a lag of two to three months between hydro usage and billing.

It should be noted that economic factor adjustments only considered an approximately 38% increase in the 2003 hydro budget. If hydro expense continues to remain high, budgeted amount for hydro will not be sufficient by year-end.

III. Other Expenditures

1. Salaries & Benefits

Public Health experienced an overall favourable variance of \$507.9 thousand or 2% mainly due to the following:

- Achievement of the gapping target of 4% as a result of higher level of vacancies from the hiring freeze imposed in the last five months of 2002. Management staff have recently begun filling the vacancies. The impact of this hiring will be reflected in the 6-month variance report. Management staff are planning to hold approximately 60 positions vacant to achieve 4% gapping target.

- Retroactive adjustments for Management and Exempt COLA and Merit have not been accounted in the YTD figures for salaries and benefits. Once these adjustments are made, the variance is expected to further narrow.

2. Non-Payroll

Overall under-spending in non-payroll is due mainly to timing differences between YTD spending and YTD budget. Spending is expected to smoothen and reflect the budget allocation of expenditure during the year. Public Health anticipates to break-even by year- end at this time.

IV. Revenue

The overall shortfall in revenue is due to timing differences and is not significant. Animal Service Revenue however is being closely monitored as only approximately 14% of the total budget for the year has been achieved. As the South Region Animal Centre comes on stream, Public Health expects the revenues to compensate for a relatively slow start in revenue generation during the first quarter. As well, alternative ways to improve collection efficiency are being explored in the coming months depending on revenue targets being met.

V. Approved Positions

Public Health has 1,684.5 approved positions for 2003. Sixty positions are expected to be held vacant to achieve the 4% gapping target. Public Health expects to maintain this approved level of complement less gapping target, notwithstanding the SARS emergency situation.

B. Impact of Variances

(Identify services and activities affected)

- It is expected that favourable variance relating to Salaries and Benefits will narrow as retroactive adjustments on Management and Exempt Cola and Merit are undertaken and as various programs hire to their approved complement levels.
- Both payroll and non-payroll variances have no major impact on Public Health's service delivery at this time.

C. Corrective Action

(Identify action taken and impact on 2003 budget)

- Public Health will be monitoring payroll, gapping levels, and non-payroll expenditures on an on-going basis to ensure that spending falls within budget.
- In an effort to balance the budget for utility cost, Public Health will vigorously pursue the Employee Energy Efficiency Program so funds can be saved and, at the same time, contribute to a cleaner air in

the community. In the event that electricity rates continue to remain high in the coming months, Public Health will need to reallocate its expenditure to cover any shortfall in the hydro budget.

D. Other

*(Include any other pertinent information, e.g., relevant operating **performance measures**, etc.)*

Public Health is in the forefront in responding to the SARS crisis. SARS-related spending is not recorded in Public Health accounts. Instead, non-program accounts have been set up by Corporate to track SARS-related expenditures. Public Health may need to hire additional staff to address major backlogs generated by its response to SARS. This will create financial pressure to the 2003 operating budget.

The Ministry of Health and Long-Term Care has indicated its willingness to reimburse all approved extraordinary and incremental expenses (e.g. special equipment and supplies) related to contain the spread of the SARS virus. The Ministry expects all health care transfer payment agencies to track all expenses that relate to SARS.

Public Health has submitted a request in the amount of \$62.3 million to the Ministry of Health for the funding of cost-shared programs in 2003. This represents an increase of \$5.8 million over the 2002 approved cost-shared funding. Response from this request is not expected until the 4th quarter of 2003.



**OPERATING VARIANCE SUBMISSION
FOR THE QUARTER ENDING MARCH 31, 2003**

SOLE-SOURCED CONSULTING CONTRACTS GREATER THAN \$7,500

PROGRAM

JANUARY 1 TO MARCH 31, 2003

<u>Value of Contract</u>	<u>Period of Contract</u>	<u>Reason for Sole-Sourcing</u>
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(\$000's)

Consulting Firms:

NONE

TOTAL
