

# **TORONTO** STAFF REPORT

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November 9, 2004

To: Board of Health  
From: Dr. David McKeown, Medical Officer of Health  
Subject: Toronto Public Health - Operating Budget Variance as at September 2004

Purpose:

To apprise the Board of Health of Toronto Public Health's operating budget variance as at Year To Date (YTD) September 2004.

Financial Implications and Impact Statement:

For YTD September 2004, Public Health's gross expenditure is under-spent by \$8,510.5 thousand or 6.4%. Revenues are under-achieved by \$4,137.7 thousand or 5.1%. In terms of net expenditure, Public Health is under-spent by \$4,372.8 thousand or 8.3%. Public Health is projecting a favourable net variance of \$2,494.5 thousand at year end.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with this financial impact statement.

Recommendations:

It is recommended that this report be received for information.

Background:

The approved 2004 Public Health Operating Budget is \$181,976.6 thousand (gross) and \$72,927.1 thousand (net).

Comments:

Corporate Operating Budget Variance Report as at September 2004 is attached to this report for detailed information

(1) Gross Expenditures

Public Health experienced an overall underspending of \$8,510.5 thousand or 6.4% as at September 2004. This is attributable mainly to the net impact of the following:

- (a) Underspending in Salaries and Benefits in the amount of \$2,554.3 thousand due to a combination of the relatively late approval of the budget by the City Council, the continued hiring freeze imposed by the Corporation since the first quarter to generate savings, recruitment problems, and staff retention issues.
- (b) Underspending in Services and Rents in the amount of \$1,848.3 thousand or 8.3% due mainly to lower client utilization of the Ontario Works Dental Program, and lower larvaciding costs and lower viral activity experienced by the West Nile Virus Program.
- (c) The balance of variance is in underspending in interdepartmental charges and materials and supplies due to program implementation delays. The variance is expected to narrow as programs catch up with their service delivery in the 4<sup>th</sup> quarter of the year.

(2) Revenues

Revenue is under-achieved by \$4,137.7 thousand due mainly to a mix of the following factors:

- (a) Underachievement in Grants and Subsidies in the amount of approximately \$1,706.1 thousand. As expenditures in cost-shared programs are underspent, the related revenues are necessarily underachieved.
- (b) Under-achievement in Interdepartmental Recoveries of \$1,519.6 thousand, 81% of which relates to the dental programs, most of which are funded 100% by Social Services Division's Ontario Works Dental Program.
- (c) Fees, Service Charges and Other Revenues of approximately \$900.0 thousand. Of this amount, about \$400.0 thousand relates to capital projects, \$380.0 thousand relates to underachievement in revenues from Animal Services, and about \$90.0 thousand is due to lower than expected revenues generated from the Food Safety Program.

(3) Gapping

YTD gapping is overachieved at 7.15% against a target of 4%. This has significantly affected TPH service delivery across programs. The impacts include but are not limited to the following:

- (a) 200 less Healthiest Babies Possible dietician counselling to high-risk pregnant women;

- (b) 2,500 less individual breastfeeding support to new mothers;
  - (c) 76 less visits to nutrition sites to monitor program quality;
  - (d) 110 requests from schools for tobacco use prevention and heart health related programs remain pending;
  - (e) Unable to gather and assess immunization records of about 900 day nurseries under the Vaccine Preventable Program;
  - (f) Significant delays in the investigation and management of Hepatitis B and C reports, with potential continuing spread of these serious illnesses;
  - (g) Approximately 700 fewer client visits under the Sexual Health Clinic Program; and
  - (h) Delays in the follow-up of over 3,000 immigrants on medical surveillance for tuberculosis.
- (4) Year End Forecasts

TPH projects a year-end favourable net variance of \$2,494.5 thousand or 3.4% due to the hiring and spending freeze, staff recruitment and retention problems, and favourable variance expected for the WNV and Dental Programs.

(5) 100% Funded Programs

A report on pending items related to the 2004 operating budget was submitted to the Policy and Finance Committee in August recommending that the budget be increased by about \$2,400 (gross)/\$0 (net) to reflect expected funding level for the following programs: Communicable Disease Liaison Unit, HBHC French Language, Injury & Family Abuse Prevention, Healthy Pregnancy & Child Development, SIECAN, Hepatitis A, 20/20 The Way to Clean Air, and stakeholder consultation on substance use issues. These adjustments also include an increase of 1.5 positions. In addition, the report recommended the conversion of 45 CDLU positions from temporary to permanent. The Council has approved the report's recommendations in its meeting on Sept. 28, 29, 30 and Oct. 1, 2004. These budget adjustments will be reflected in the 4<sup>th</sup> quarter variance report.

(6) Cost-Shared Programs

Public Health has submitted a request in the amount of \$66,584.0 thousand (including one-time request) to the Ministry of Health and Long-Term Care (MOHLTC) for the funding of cost-shared programs in 2004. This represents an increase of \$5,684.0 thousand or 9.3% over the 2003 Approved cost-shared funding. Approval for this request is not expected until the 4<sup>th</sup> quarter of the year.

Conclusion:

Toronto Public Health is underspent by \$4,372.8 thousand net at the end of September and projects a year end favourable variance of \$2,494.5 thousand primarily due to underspending in Salaries and Benefits.

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Dr. David McKeown  
Medical Officer of Health

List of Attachments:

Appendix 1: Toronto Public Health Operating Variance Submission (Nine Months Ended September 30, 2004)



**OPERATING VARIANCE SUBMISSION  
NINE MONTHS ENDED SEPTEMBER 30, 2004**

**OVERVIEW**

**PROGRAM** Toronto Public Health

**YEAR-TO-DATE AT SEPTEMBER 30, 2004**

("ACTUAL" is Adjusted Actual from  
Accrual Worksheet - Schedule 4)

Gross Expenditure:

	ACTUAL (\$000's)	BUDGET (\$000's)	VARIANCE OVER/(UNDER)	
			(\$000's)	%
Consulting Costs	0.0	0.0	0.0	0.0%
Utility Costs <i>(cost elements 2215, 2220, 2230, 2250)</i>	166.0	204.0	(38.0)	(18.6%)
Other Expenditures	124,944.1	133,416.6	(8,472.5)	(6.4%)
<b>Total Gross Expenditure</b>	<b>125,110.1</b>	<b>133,620.6</b>	<b>(8,510.5)</b>	<b>(6.4%)</b>
Revenue	76,486.9	80,624.6	(4,137.7)	(5.1%)
<b>NET EXPENDITURE</b>	<b>48,623.2</b>	<b>52,996.0</b>	<b>(4,372.8)</b>	<b>(8.3%)</b>

**Approved Positions at September 30, 2004:**

	APPROVED POSITIONS	CHANGE TO APPROVED POSITIONS	TOTAL POSITIONS	%
Permanent / Full Time	1,566.8	0.0	1,566.8	0.0%
Permanent / Part Time	111.4	0.0	111.4	0.0%
Temp / Seasonal / Casual Full Time	123.8	0.0	123.8	0.0%
Temp / Seasonal / Casual Part Time	13.5	0.0	13.5	0.0%
	<b>1,815.5</b>	<b>0.0</b>	<b>1,815.5</b>	

**PROJECTIONS TO YEAR-END**

Gross Expenditure:

	ACTUAL (\$000's)	BUDGET (\$000's)	VARIANCE OVER/(UNDER)	
			(\$000's)	%
Consulting Costs	0.0	0.0	0.0	0.0%
Utility Costs <i>(cost elements 2215, 2220, 2230, 2250)</i>	311.6	311.6	0.0	0.0%
Other Expenditures	173,664.0	181,665.0	(8,001.0)	(4.4%)
<b>Total Gross Expenditure</b>	<b>173,975.6</b>	<b>181,976.6</b>	<b>(8,001.0)</b>	<b>(4.4%)</b>
Revenue	103,543.1	109,049.5	(5,506.4)	(5.0%)
<b>NET EXPENDITURE</b>	<b>70,432.6</b>	<b>72,927.1</b>	<b>(2,494.5)</b>	<b>(3.4%)</b>

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Signature – Head of Program/Agency/Board/Commission



**OPERATING VARIANCE SUBMISSION  
NINE MONTHS ENDED SEPTEMBER 30, 2004**

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**EXPLANATIONS / COMMENTARY**

**PROGRAM** Toronto Public Health

A. Explanation of Significant Variances

I. Consulting Costs

Not applicable.

II. Utility Costs

The favourable variance of \$38.0 is due to the lower than expected costs of hydro and natural gas for the past three quarters.

III. Other Expenditures

The overall favourable variance of \$8,510.5 in expenditures can be attributed to the following

a. Underspending in Salaries and Benefits in the amount of \$5,452.7 or 6.0%. This is mainly due to a combination of the relatively late approval of the budget by the City Council, the continued hiring freeze imposed by the Corporation since 1st quarter to generate savings, recruitment problems, and staff retention issues. Of the total variance, about \$713.0 of the variance is due to Communicable Disease Liaison Unit which has not been able to retain its full staff complement given that the positions are temporary. This is expected to be addressed in the coming months as Council has approved TPH's request to convert these positions to permanent given a more stable funding from the Province. About \$707.0 is due to the difficulty in hiring dentists and other dental professions for the dental program. About \$740.0 is underspending in the West Nile Virus Program (WNv) due to a combination of the following: staff hiring and retention problems, lower than expected payroll costs, and reduced demand for service because of lower WNv activity for the season. Approximately \$430 can be attributed to capital projects due to the temporary nature c

b. Underspending in Materials and Supplies in the amount of \$601.8 or 18.2%. The variance is due to program implementation delay which is spread across all programs. The variance is expected to narrow by year end as programs catch up with their service delivery in the 4th quarter.

c. Underspending in Services and Rents in the amount of \$1,848.3 or 8.3%. 39% is due to the Ontario Works Dental Program, the utilization pattern of which is difficult to predict in terms of eligible clients for social services and the number of clients that would actually use the services. 31% is due to WNv Program which experienced a lower than expected larvaciding costs due to lower rates negotiated with service providers and the reduced service demand because of lower than expected WNv activity for the season. The rest of the variance are spread across various programs.

d. Underspending in interdepartmental charges in the amount of \$609.1 or 4.3%. About 48% relates to printing, copying and postage charges. The variance is expected to be eliminated as interdepartmental charges are incurred during the 4th quarter.

IV. Revenue

Revenue is underachieved by \$4,137.7 is due to the net impact of the following factors:

- a. Underachievement in Grants and Subsidies in the amount of approximately \$1,706.1 or 2.5%. As expenditures in cost-shared programs are underspent, the related revenues are necessarily underachieved.
- b. Underachievement in Interdepartmental Recoveries of \$1,519.6 or 22.8%. About 81% of the variance relates to the various dental programs, most of which are funded 100% by Social Services Division Ontario Works Dental Program.
- c. Underachievement in Other Revenues of about \$812.4 or 17.1%. Of this variance, about \$400 or 49% of the variance is related to transfer from capital funds. There is no net impact from underachievement of transfer from capital funds. About \$380.0 or 47% of the variance is underachievement in revenues from Animal Services.
- d. Underachievement in Fees and Service Charges of \$99.7 or 21.0%. About 90% of the variance is due to the lower than expected revenues and fees generated from the Food Safety Program. In addition to lower level of economic activities which impacts liquor license applications and property purchases, the budget included revenue projections that would have been derived from the Provincially mandated food handler training which has not come into effect.

#### V. Approved Positions

TPH has 1,815.5 approved positions. About sixty positions have to be held vacant to achieve the 4% gapping target. The actual gapping is expected to exceed the target.

#### B. Concise Summary for Inclusion in the Consolidated Corporate Report

TPH achieved a favourable variance in the gross expenditures of \$8,510.5 or 6.4%. This is mainly attributed to the net impact of the underspending in salaries and benefits brought about by the corporate hiring freeze, late Council approval of the budget, staff recruitment and retention issues faced by specific programs, and underspending in overall non-payroll budget across the programs. Overall revenues were underachieved by \$4,137.7 or 5.1%. This is due to underachievement in interdepartmental revenues, provincial subsidies, fees, service charges and transfer from capital funds. The overall year to date net expenditure variance is favourable at \$4,372.8 or 8.3%.

TPH projects a year-end favourable net expenditure variance of \$2,494.5 or 3.4% due to the hiring freeze, staff recruitment and retention problems, delays in the implementation of capital projects, favourable variance expected for the WNV and Dental Programs.

#### C. Impact of Variances

The overall under-spending in the gross expenditures has to some extent reduced the level of service delivery across programs during the three quarters of the year.

#### D. Corrective Action

Notwithstanding the corporate hiring and spending freeze, the hiring of critical staff is being pursued to ensure the quality of our program delivery. Efforts are being exerted to ensure that essential non-payroll costs across programs are incurred and payments processed by year end.

#### E. Other

**100% Funded Programs**

A report on pending items related to the 2004 operating budget was submitted to the Policy & Finance Committee in August recommending that the budget be increased by about \$2,400 (gross)/\$0 (net) to reflect expected funding level for the following programs: Communicable Disease Liaison Unit, HBHC French Language, Injury & Family Abuse Prevention, Healthy Pregnancy & Child Development, SIECAN, Hepatitis A, 20/20 The Way to Clean Air, and stakeholder consultation on substance use issues. These adjustments also include an increase of 1.5 positions. In addition, the report recommended the conversion of 45 CDLU positions from temporary to permanent. The Council has approved the report's recommendations in its meeting on Sept.28,29,30 and Oct.1, 2004. These budget adjustments will be reflected in the 4th quarter variance report.

**Cost-Shared Programs**

TPH has submitted a request in the amount of \$66,584.0 to the Ministry for funding of cost-shared programs in 2004, including one-time funding request. This represents an increase of \$5,684.0 or 9.3% over the 2003 approved cost-shared funding. Approval for this request is not expected until the 4th quarter of the year.



OPERATING VARIANCE SUBMISSION  
QUARTER ENDED SEPTEMBER 30, 2004

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

PROGRAM [Toronto Public Health](#)

JULY 1 TO SEPTEMBER 30, 2004

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

Consulting Firms:

[None.](#)

TOTAL

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0.0
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**OPERATING VARIANCE SUBMISSION  
NINE MONTHS ENDED SEPTEMBER 30, 2004**

**ACCRUAL WORKSHEET**

(\$000's)

PROG1 Toronto Public Health

**YEAR-TO-DATE AT SEPTEMBER 30, 2004**

("ADJUSTED ACTUAL" is Actual on

Overview - Schedule 1)

Gross Expenditure:

	SAP ACTUAL	ACCRUALS NOT IN SAP	ADJUSTED ACTUAL
Consulting Costs	0.0	0.0	0.0
Utility Costs <i>(cost elements 2215, 2220, 2230, 2250)</i>	166.0	0.0	166.0
Other Expenditures	122,815.6	2,128.5	124,944.1
Total Gross Expenditure	122,981.6	2,128.5	125,110.1
Revenue	74,941.0	1,545.9	76,486.9
<b>NET EXPENDITURE</b>	<b>48,040.6</b>	<b>582.6</b>	<b>48,623.2</b>

**Accrual Details:**

Condom Distribution Program	214.9	
<b>Materials and Supplies - Subtotal</b>		<b>214.9</b>
Computer Equipment Purchase	301.1	
Purchase of Office Furniture	158.3	
<b>Equipment Subtotal</b>		<b>459.3</b>
Preschool Speech & Language Service Contracts	963.3	
Pesticide Bylaw Implementation Service Contracts	136.0	
<b>Services &amp; Rents Subtotal</b>		<b>1,099.3</b>
Facility Maintenance and Rents	355.0	
<b>IDC Subtotal</b>		<b>355.0</b>
<b>TOTAL ACCRUAL - EXPENDITURE</b>		<b>2,128.5</b>
Grants	1,545.9	
<b>TOTAL ACCRUAL - REVENUE</b>		<b>1,545.9</b>



OPERATING VARIANCE SUBMISSION  
NINE MONTHS ENDED SEPTEMBER 30, 2004

NET COST-CONTAINMENT SAVINGS  
(000's)

PROGRAM Toronto Public Health

<u>COST-CONTAINMENT MEASURES</u>	<u>Actual to Sept. 30, 2004</u>	<u>Projected to Dec. 31, 2004</u>
Hiring Freeze / Increased Gapping Savings (('Projected' must agree to 'Total Net Savings to be Realized' on Schedule 6)	1,581.8	2,108.9
<u>Deferred Consulting Contracts:</u>		
None	0.0	0.0
	0.0	0.0
	0.0	0.0
	0.0	0.0
<b>Total Deferred Consulting Contracts</b>	<b>0.0</b>	<b>0.0</b>
Deferred Conferences, Seminars and Business Travel	36.9	49.2
Other Discretionary Spending Savings	252.3	336.4
Energy Cost Savings	0.0	0.0
<b>TOTAL NET COST SAVINGS</b>	<b>1,870.9</b>	<b>2,494.5</b>
Departmental Pressures (unplanned and/or extraordinary) (('Projected' must agree to 'Departmental Pressures' on Schedule 6)	0.0	0.0
<b>TOTAL NET COST SAVINGS AFTER DEPARTMENTAL PRESSURES</b>	<b>1,870.9</b>	<b>2,494.5</b>



Toronto Public Health

Summary of Staff Vacancies (Hiring Freeze, Budgeted Gapping) and Related Savings at September 30, 2004

Department	Current & Pending Number of Vacancies	Number of Vacancies to be Filled	Number of Vacancies to be Held	Total Number of Vacancies Filled (year to date)	Actual Gross Savings (to Sept. 30/04)	Projected Gross Savings (Oct. 1 to Dec. 31/04)	Total Estimated Gross Savings	Subsidy and/or Revenue Loss *	Total Estimated Net Hiring Savings	Gross Gapping Budget (Full Year)	Gross Actual Target Achieved	Total Net Savings to be Realized after Departmental Pressures	Current & Pending Vacancies exp and Non-uni
	1	2	3 = (1 - 2)	4	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	Union
	12 = 9+10-11	13	14 = (12 - 13)	15									
<b>DIVISIONS:</b>													
<b>TOTAL DIVISIONS</b>	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
<b>ABCs</b>													
<b>Toronto Public Health</b>	202.2	192.2	10.0	393.0	\$ 5,452.7	\$ 897.1	\$ 6,349.8	\$ 4,240.8	\$ 2,109.0	\$ 2,171.4	\$ 2,171.4	\$ 2,109.0	172.2
<b>TOTAL ABCs</b>	202.2	192.2	10.0	0.0	\$ 5,452.7	\$ 897.1	\$ 6,349.8	\$ 4,240.8	\$ 2,109.0	\$ 2,171.4	\$ 2,171.4	\$ 2,109.0	172.2
<b>TOTAL DEPARTMENT</b>	202.2	192.2	10.0	0.0	\$ 5,452.7	\$ 897.1	\$ 6,349.8	\$ 4,240.8	\$ 2,109.0	\$ 2,171.4	\$ 2,171.4	\$ 2,109.0	172.2

Notes:

- No savings are reported for backfilled positions, and positions that are not budgeted for the full year.
- Both, the hiring freeze savings and additional payroll savings are reflected in column 9.

\* Subsidy and/or Revenue Loss only as a result of staff vacancies. Any other revenue shortfalls are recorded in the Departmental Pressures column. Provide explanations in the Notes section.

\*\* Transfer the Total Net Savings to be Realized (ie. after gapping) to the Net Cost-Containment Savings Schedule (schedule 5), Hiring Freeze/Increased Gapping Savings line (Projected to Dec. 31, 2004 column). Transfer surpluses only -- DO NOT TRANSFER DEFICITS.

\*\*\* Departmental Pressures refer to unplanned and/or extraordinary expenses (e.g. arbitration awards, SARS, Council directives, etc.). Provide explanations in the Notes section. Transfer the Departmental Pressures to the Net Cost-Containment Savings Schedule (schedule 5), Departmental Pressures line (Projected to Dec. 31, 2004 column).

ding Number of  
essed as Union  
on Positions

Non-union
16
0
30
30
30