

HL23.5 Attachment 1



OPERATING VARIANCE SUBMISSION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

OVERVIEW

TITLE **TORONTO PUBLIC HEALTH**

YEAR-TO-DATE

	YEAR-TO-DATE				
	BUDGET	SAP ACTUALS	ACTUAL ADJUSTMENTS	ADJUSTMENTS + SAP ACTUALS	VARIANCE OVER/(UNDER)
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s) %
Gross Expenditure	184,156.1	174,223.1	1,664.7	175,887.8	(8,268.2) (4.5%)
Revenue	132,180.6	122,668.7	1,165.3	123,834.0	(8,346.6) (6.3%)
NET EXPENDITURE	51,975.5	51,554.4	499.4	52,053.9	78.4 0.2%

APPROVED COMPLEMENT

	APPROVED COMPLEMENT - YTD			
	COMPLEMENT	STRENGTH	VARIANCE OVER/(UNDER)	
	No.	No.	No.	%
Operating Positions	1,911.2	1,710.7	(200.5)	(10.5%)
Capital Positions	10.0	1.0	(9.0)	(90.0%)
Total Positions	1,921.2	1,711.7	(209.5)	(10.9%)

PROJECTIONS TO YEAR-END

	PROJECTIONS TO YEAR-END			
	BUDGET	ACTUAL	VARIANCE OVER/(UNDER)	
	(\$000s)	(\$000s)	(\$000s)	%
Gross Expenditure	280,670.9	288,603.8	7,932.9	2.8%
Revenue	209,841.8	197,405.0	(12,436.7)	(5.9%)
NET EXPENDITURE	70,829.2	91,198.8	20,369.6	28.8%

APPROVED COMPLEMENT

	APPROVED COMPLEMENT - YEAR END			
	COMPLEMENT	STRENGTH	VARIANCE OVER/(UNDER)	
	No.	No.	No.	%
Operating Positions	2,015.9	2,145.4	129.5	6.4%
Capital Positions	10.0	1.0	(9.0)	(90.0%)
Total Positions	2,025.9	2,146.4	120.5	5.9%

Signature – Head of Program/Agency/Board/Commission

EXPLANATIONS / COMMENTARY

TORONTO PUBLIC HEALTH (TPH)

YEAR-TO-DATE

A. Variance Explanation

I. Gross Expenditures

There is a favourable variance of \$8.3 million (4.5 percent) in Gross Expenditures attributed to underspending in Salaries and Benefits (\$3.9 million) and non-payroll expenditures (\$4.4 million).

The favourable variance of \$8.3 million is predominantly due to:

- \$15.2 million related to the suspension of TPH programs and services during the COVID19 pandemic particular as a number of these programs are delivered in setting that have been closed, in keeping with provincial regulations; this included settings such as schools, dental clinics, community centres and facilities, and civic centres. Approximately 70 percent of TPH employees have been redeployed to respond to the COVID-19 pandemic;
- \$6.7 million related to delayed recruitment and purchase of services contracts for the implementation of the Ontario Seniors Dental Care Program; which has been offset by:
 - overspending of \$13.6 million in overtime and 150 additional temporary Public Health Nurses to support case management and contact tracing in the response to the COVID-19 pandemic.

Toronto Public Health's total gross expenditure variance of \$8.3 million is comprised

- overspending of \$0.1 million in Ministry of Health (MOH) mandatory programs and 100% City funded programs (savings have been offset by Covid 19 related expenses);
- underspending of \$7.3 million in 100% provincially funded programs (MOH and Ministry of Children, Community and Social Services) predominately for the Ontario Seniors Dental Care Program, and
- underspending of \$0.9 million in Capital and other funded programs.

II. Revenue

Actual revenue is under budget by \$8.4 million (6.3 percent) mainly due to lower

EXPLANATIONS / COMMENTARY

TORONTO PUBLIC HEALTH (TPH)

recoverable costs from the Province.

III. Complement and Strength

1,921.2 positions were approved in TPH's Operating Budget, of which 1,711.7 positions were filled and 209.5 positions were vacant.

As of September 30, 2020, approximately 70 percent of the TPH's staff were redeployed to support TPH's response to the COVID-19 pandemic, this includes over 130 temporary Public Health Nurses hired to support case management and contact tracing.

TPH is in the process of hiring 432 additional nurses in response to COVID-19 pandemic by the end of year: 102 PHN for school reopening and 350 additional PHNs for case and contact management.

PROJECTIONS TO YEAR END

At year end, TPH's gross expenditure is projected to be overspent by \$7.9 million gross (2.8 percent). The \$7.9 million variance is as follows:

- \$19.2 million over expenditures for COVID-19 Extra-ordinary expenses. TPH has incurred expenses in the amount of \$37.9 million related to the COVID-19 response. The \$37.9 million is comprised of \$35.0 million for salary and benefits and \$2.9 million in non-payroll expenses. The \$35.0 million in salary and benefits extra-ordinary costs is comprised of \$21.4 million 582 temporary positions to support COVID-19 case and contact tracing and \$13.6 million for overtime. This additional expenditure has been offset by savings of \$18.7 million as a result of positions that have remained vacant for the majority of 2020 as TPH's operations were primarily focused on the COVID-19 response. The extra-ordinary COVID-19 costs are being offset by:
 - \$11.3 million in savings as follows:
 - \$8.5 million in savings from the delayed implementation of 100% provincially funded Ontario Seniors Dental Care Program;
 - \$1.3 million in savings from MCCSS funded programs which were suspended as a result of public health measures implemented to mitigate COVID-19 spread; and

EXPLANATIONS / COMMENTARY

TORONTO PUBLIC HEALTH (TPH)

- \$1.5 million in savings due to the delay in capital funded projects as noted in the Q3 Capital Variance Report presented to the Board of Health and savings in other funded programs.

Revenues at year end are projected to be underspent by \$12.4 million gross (5.9 percent). The unfavourable revenue variance of \$12.4 million is due to the lower recoverable costs in 100% provincially funded programs (\$9.4 million) and capital projects (\$1.0 million), predominately from the Ontario Seniors Dental Care Program (\$8.5 million) and revenue shortfall from revenue generating programs (\$1.9 million): Food Handler Certification and Training, vaccination doses and dental programs.

The Province has signaled that additional revenue will be provided to offset the over expenditures and the shortfall from other revenues, currently projected at \$20.4 million. The Ministry of Health has indicated that extraordinary costs in response to the COVID-19 pandemic that are over and above the Provincial grant will be fully funded by the Province. Funding for the over expenditures will be requested from the Ministry of Health as part of the COVID-19 cost recovery initiative.

B. Concise Summary for Inclusion in the Consolidated Corporate Report

As of September 30, 2020, TPH gross expenditures were underspent by \$8.3 million gross (4.5 percent) and revenues were underachieved by \$8.4 million (6.3 percent), resulting in a net unfavourable variance of \$0.1 million (0.2 percent). The favourable expenditures reflects the impact of the COVID-19 pandemic on TPH's budget as efforts have been redeployed to support TPH's response.

At year end, TPH is expected to be over budget by \$20.4 million net as TPH anticipates incurring additional costs by continuing to increase resources deployed to respond to the COVID-19 pandemic and revenue shortfalls from user fees and other recoveries. The Ministry of Health has indicated that extraordinary costs in response to the COVID-19 pandemic that are over and above the Provincial grant will be funded by the Province.

C. Impact of Variances

Toronto PH is taking the necessary actions, in consultation with the Province of Ontario, other public health units and experts with the public health sector to protect the citizens of



**OPERATING VARIANCE SUBMISSION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

EXPLANATIONS / COMMENTARY

TORONTO PUBLIC HEALTH (TPH)

Toronto and reduce the risk of spreading the COVID-19 virus in the community.

D. Corrective Action

On April 23, 2020, Ministry of Health issued a memo outlining their commitment to invest up to \$100 million for the public health sector which includes the 34 public health units, Public Health Ontario and the assessment centres. Public health units are expected to apply for reimbursement of one time extraordinary expenses related to managing the response to the COVID-19 pandemic. Reimbursement of expenses will be made by the Province at 100% after exhausting the approved provincial grant.

E. Others



OPERATING VARIANCE SUBMISSION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

ADJUSTMENT WORKSHEET
(\$000s)

TITLE TORONTO PUBLIC HEALTH

YEAR-TO-DATE

	YTD ACTUAL	ADJUSTMENT	ADJUSTED ACTUAL	%
Gross Expenditure	174,223.1	1,664.7	175,887.8	0.9%
Revenue	122,668.7	1,165.3	123,834.0	0.9%
NET EXPENDITURE	51,554.4	499.4	52,053.9	1.0%

Adjustment Details:

(major items only)

Gross Expenditure:

Accrual of Separation Pay Carryforward	1,664.7
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	1,664.7

Revenue:

Provincial revenue for separation pay accrual	1,165.3
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Net Expenditure: 499.4