



Committee of the Whole

Meeting Date: December 13, 2022

Submitted by: Cindy Howard, General Manager Finance and Community Services, County Treasurer

Subject: Budget Variance Report October, 2022

BACKGROUND:

Annual budgets for all departments are approved by Council. Professional estimates, the current legislative environment, macroeconomic trends (such as supply-chain disruption, currency fluctuations, commodity prices, unemployment figures and business investment, etc.) and other local information available at the time are significant inputs to the budget recommended to Council by administration. All departments monitor revenues and expenditures on an ongoing basis.

Financial Reports to the end of October have been provided to you. We have now completed ten months of 2022 and below is an update on any variances. Department Heads were consulted in the preparation of this report.

ANALYSIS:

The COVID-19 pandemic continues to have an impact on the operations. The impacts include additional costs and lost revenues. The County has been able to fund the pressures from COVID-19 predominantly from a variety of provincial one-time funding sources such as Ministry of Health and Long-Term Care, Ministry of Municipal Affairs and Housing, and the Safe Restart funding and cost containment strategies.

The most significant risks being monitored are service demands and impacts of offload delays for Paramedic Service, inflation, fuel prices, supplementary taxes and property tax write-offs and capital cost escalation.

The County Treasurer has ongoing budget meetings with the CEO and Assistant Director, Finance of the Middlesex-London Health Unit. The Ministry of Health provides additional 2022 COVID-19 funding assistance to support vaccination clinics and program support.

Highlights of the budget variances by department are as follows:

Administration:

Supplementary tax revenues and tax write-offs are part of the yearend process.

Planning:

No significant variances at this time.

Economic Development:

No significant variances at this time. A number of partnership initiatives will be expensed towards the end of the year.

Information Technology:

Expenditures are tracking as expected.

Social Services:

Social Housing actuals include Quarter 3 Billing information from the City of London.

Child Care Centre Operators were provided with one-time General Operating Grants in response to ongoing pressures of the OMICRON COVID-19 variant.

The County received additional funding from the Social Service Relief Fund (SSRF) Phase 5. This funding will support the operating expenses to mitigate the continued impact of COVID-19 pandemic on the homeless sector.

Transportation:

Oil prices are having a drastic impact on capital costs for asphalt paving. The asphalt cement price index has increased from \$917.50 per tonne at bid time in early 2022 to \$1,324.80 per tonne in September. The County will likely see additional expenditures in the \$1,500,000 range on this contract. While this will not have an impact on the operating budget it will result in a draw from road reserves at the end of 2022 to make up for any shortfall.

Strathmere Lodge:

Increased COVID-19 costs are primarily offset by funding provided by the Ministry of Long-Term Care.

The Lodge received additional COVID-19 Prevention and Containment funding and additional funding for personal protective equipment (PPE) allocated for the 2022-23 fiscal year. Homes were required to review and update the actual incremental expenditures incurred for 2021-22 as well as provide an estimate for July 1 to September 30, 2022 in the COVID-19 Prevention and Containment Expenditures Reporting for 2021-

22 and 2022-23 reporting template. The data collected from these reports may inform future disbursement and interim reconciliation approaches.

On September 1, 2022 the Lodge received a letter from the Ministry of Long-Term Care informing them that the government intends to flow the remaining investment allocated for COVID-19 Prevention and Containment funding and additional funding for personal protective equipment (PPE).

Ambulance:

Middlesex-London Paramedic Service continues to monitor their 2022 budget. We continue to see increase in demand for service as well as increased incidence of offload delay which may impact the overall 2022 budget. More detailed information will be available in the fall of 2022.

Middlesex-London Paramedic Service expects to continue to receive COVID-19 funding from the Ministry of health throughout the 2022 year if required.

Library Services:

No significant variances at this time.