



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Social Services Committee
From: Shauna Calder, Manager of Finance
Date: Wednesday, November 10, 2021
Subject: **Preliminary 2022-2031 Ten-Year Plan: Social Services**

Background:

This forecast provides a high-level overview of major budget impacts and planned capital investments, and serves as a guide for departments in preparing their detailed current year operating and capital budgets. The preliminary corporate ten-year plan will be considered by the Administration, Finance and Human Resources Committee on November 16, 2021 and the forecast will be updated at the time the budget is approved early in the New Year.

Housing Services – Operating

- Grants and subsidies are increasing by \$426,000. Funding received for Reaching Home, Ontario Priority Housing Initiative (OPHI), and mental health & addictions have increased, while funding reductions are taking place in rent supplement, federal funding for County-owned social housing buildings and non-profit and co-operative providers. The funding reduction from senior level of government place additional pressure on the municipal tax levy as costs continue to rise to operate social and affordable housing.
- Budgeted rent collections from our County-owned social housing units are being maintained at the 2021 level of \$5.7 million. A conservative budget estimate has been used to account for the 2021 year-end rent revenue shortfall of \$135,000 that is being projected. We anticipate that the end of the provincial RGI rent freeze as of January 2022 will assist with rent revenues returning to more normal levels.
- Salaries, wages and benefits are increasing by \$397,000. The majority of this increase (\$275,000) is explained by the additions of a Policy Analyst (0.75 FTE) and a Housing Stability Coordinator (1.0 FTE approved in 2021) to the budget. Both positions are for a two-year year contract, with costs fully recovered through Reaching Home Funding. Additionally, the budget reflects adjustments made for minor position restructuring that is being contemplated. The increased cost to the staffing line of \$93,000 is offset by savings in other areas of the budget and does not result in any impact to the municipal bottom line.
- Supplies, Materials & Equipment has increased by \$81,000 largely due to the reallocation of expenditures from purchased services to plumbing supplies.
- Purchased Services has increased by \$576,000 mainly due to the reallocation of \$300,000 in budgeted flooring expenditures from capital to operating. A corresponding decrease has been reflected in the capital budget. An allocation of \$225,000 has been added to the budget for increased cleaning costs required as a result of COVID-19. The County portion of \$135,000 is being funded through the Shared Services Stabilization Reserve as reported in the Transfer from Reserve line. The waste removal line has increased by \$48,000 to accommodate a change in the contract price.

- The Social Assistance line is increasing by \$878,000 in part due to increased 100% provincial funding described in the grants line above (\$283,000). The remaining increase relates to a significant increase in subsidy payments for non-profit and co-operative housing providers. Benchmarks used to determine funding level are set annually by the province. The 2022 benchmarks are significantly higher than seen in any other year.
- A reduction in debenture payments for County owned social housing units has decreased the transfer payment line (\$225,000 City and \$67,000 County).
- Internal charges are increasing by \$165,000, mostly due to an internal charge from Reaching Home and Mental Health and Addictions (\$94,000). This expense is shown as a recovery in CHPI which helps offset increasing costs in addition to receiving no increase for our funding.

Housing Services – Capital

- Capital spending on County-owned social housing units totals \$42.5 million over the ten-year forecast. This represents a decrease in total spending when compared to the 2021 capital forecast caused by the shifting of flooring replacements from the capital to operating budget (\$300,000). Beyond 2022 the capital budget is increasing by \$250,000 in 2023, by \$200,000 in 2024, and by \$150,000 in 2025 through 2031 providing staff with a predictable and stable level of funding to address aging facilities and increasing costs.
- The split between the County and City portions of capital funding is based on the three-year average prior residence of tenants in County-owned buildings. The County portion of the capital funding comes from the Housing Capital Reserve.
- Two provincially funded three-year projects continue in 2022.
 - COCHI capital budget totals \$522,700.
 - OPHI capital budget totals \$507,800
- New to the capital forecast:
 - An allocation of \$45,000 per year over five years for the installation of attic insulation as part of the implementation of corporate climate change initiatives. The work is scheduled for apartment buildings located throughout the County.
 - IT replacements include the lifecycle replacements of the required infrastructure to support video security systems and internet connections at County-owned properties.
- A detailed listing of projects at County-owned units is attached to this report.

Affordable Housing – Operating

- Minor adjustments have been made to budgeted expenses for supplies, materials and equipment, and purchased services based on a review of 2021 costs to date.
- The budgeted contribution to the County's Housing Development Reserve remains constant at \$1.0 million annually over the ten-year plan, and contributions to the reserve also includes the net municipal revenue generated from each of the affordable housing properties to provide funding for future affordable housing opportunities.

Affordable Housing – Capital

- Facility improvements for County owned affordable housing buildings total \$1.2 million over the ten-years and are funded through the Housing Capital Reserve.
- Affordable housing retrofit projects have historically been identified by location and are spent on an as needed basis for move out or accessibility accommodation requests. The forecast now consolidates all locations in one project and provides staff with the flexibility to address tenant requests across the portfolio.

- The provision to construct new County-owned affordable housing units throughout the County remains in the forecast. Staff will continue to monitor funding opportunities from senior levels of government for these builds and review project timing in the annual budget process.

Ontario Works - Operating

- The grants and subsidies line is increasing by approximately \$923,000 in 2022 to reflect a projected increase of 5% in caseload over 2021 budget figures. Staff anticipate caseload returning to pre-pandemic levels over the next 12-18 months as federal COVID benefits end. Final budget figures brought forward in January will be adjusted to reflect an estimated increase over year-end actual costs rather than being based on budget. Ontario Works benefits are 100% provincially funded and increases will not impact the municipal tax levy.
- Staff have received confirmation that the provincial administration funding for Ontario Works will remain at the same level as received in 2021 (frozen at 2018 actual expenditure levels). This has resulted in increased municipal costs of \$125,000 for the County and decrease of \$69,000 for the City.
- There is a small decrease in Supplies, Materials & Equipment related to the timing of lifecycle purchases of IT equipment.
- The \$894,000 increase in the social assistance line is directly related to projected increase in caseload described above and does not impact the County levy requirement.
- Funding for Agencies has increased by \$280,000 in 2022 as a result of funding commitments made to the Integrated Youth Service Network. The allocation is reduced to \$165,000 in 2023. In both years this commitment is funded through the Shared Services Stabilization reserve and does not impact the County tax levy.
- The cost-sharing ratio for administration expenses between the County and City has been adjusted based on the caseload split experienced in 2021. This resulted in a projected increase in cost of \$55,000 for the County and a corresponding decrease for the City.

Ontario Works - Capital

- The ten-year capital plan includes facility improvements at the administration offices located at 129 and 138 Wyndham Street in Guelph, and St. Andrews Street in Fergus. The ten-year total capital budget is \$1.5 million. The County's portion of \$446,000 is funded from the Property Reserve and the City's funding contribution for capital works at the Guelph locations is \$1.1 million.

Children's Early Years - Operating

- The provincial funding allocation for 2022 has not yet been received. The 2022 budget, as well as the ten-year plan, assumes no changes from the 2021 allocation with three exceptions:
 - A reduction in the current cap of 10% of provincial funding that can be allocated toward administration to 5%.
 - The elimination of a \$594,216 one-time transitional grant.
 - The addition of \$1,389,384 in 2022 and \$347,346 in 2023 for Workforce Funding. This is a 100% funded programme and requires zero municipal contribution.

- The cost implications of the first two funding changes listed is approximately \$270,000 for the County and \$400,000 for the City.
- Internal Recoveries is decreasing by \$482,000 due to the administrative cap reduction. This has a directly offset by a reduction on the internal charges line.
- Salaries, wages and benefits are increasing by \$417,000. The annualization of 2021 staffing additions accounts for \$125,000 of this increase. The in-year addition of the screener position at the County's directly operated centres results in a 2022 impact of \$81,000. The County impact of \$61,000 is funded through the use of the Shared Services Stabilization Reserve due to the short term nature of this position.
- Social Assistance is increasing by \$1.2 million related mainly to the new Workforce Funding mentioned above. Other small offsetting adjustments have been made across programme areas that will not impact service levels.
- The administrative cost split between the County and City is calculated based on the location of services delivered within the entire childcare programme. The administrative cost split for 2022 is changing by 2.16%, which equates to a \$55,000 increase for the City and \$55,000 decrease in costs for the County.

Children's Early Years – Capital

- The ten-year capital plan for Children's Early Years includes \$428,000 for lifecycle repairs and replacements at Mount Forest Child Care. Work is a 100% County cost funded from the Property Reserve.

Overall Social Services 2021 Budget Impact

The preliminary 2022 Budget for Social Services (operating + capital) reflects a tax levy increase of 5.7% for the County and 8% for the City, as outlined in the table below:

COUNTY OF WELLINGTON					
2022 SOCIAL SERVICES NET BUDGET COMPARISON - OPERATING & CAPITAL					
(all figures in \$000's)					
	Approved 2021 County Budget	2021 Budget Projections for 2022	Proposed 2022 County Budget	% Change from 2021 Projections for 2022	% Change from Approved 2021 Budget
City Tax Levy Requirement					
Social Housing	\$ 15,959	\$ 16,515	\$ 16,967	2.7%	6.3%
Ontario Works	3,300	3,371	3,658	8.5%	10.8%
Children's Early Years	3,315	3,748	3,753	0.1%	13.2%
Total	\$ 22,574	\$ 23,635	\$ 24,377	3.1%	8.0%
County Tax Levy Requirement					
Social Housing	\$ 4,679	\$ 4,773	\$ 4,819	1.0%	3.0%
Ontario Works	1,309	1,348	1,379	2.3%	5.3%
Children's Early Years	1,574	1,868	1,852	-0.9%	17.7%
Affordable Housing	1,000	1,000	1,000	0.0%	0.0%
Total	\$ 8,562	\$ 8,990	\$ 9,051	0.7%	5.7%

The detailed 2022 operating budget and revised ten-year plan will be presented to the Committee in January.

Recommendation:

That the preliminary 2022-2031 Social Services Ten-Year Plan as set out in this report be endorsed and forwarded to the Administration, Finance and Human Resources Committee for inclusion in the County of Wellington's Preliminary Ten-Year Plan.

Respectfully submitted,



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