



Committee Report

To:	Chair and Members of the Committee of Management
Committee Date:	November 10, 2020
Subject / Report No:	LTCR-CM-31-20
Title:	Third Quarter Financial Update and Year End Projections
Prepared by:	Joanna Alpajaro, Deputy Treasurer
Reviewed by:	Kevin Wepler, Treasurer
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That report LTCR-CM-31-20 regarding a Third Quarter Financial Update and Year-End Projections as of September 30, 2020 be received for information.

Executive Summary

This report provides a financial projection to year-end for the Long-Term Care Homes based on revenues and expenditures to September 30, 2020, including an update on the financial impacts of the COVID-19 pandemic in 2020.

A review of actual financial results as compared to budget as at the end of September 2020 for Long Term Care projects an overall year end balanced budget.

The home budgets include total COVID costs of \$2,990,037. COVID Containment and Prevention funding of \$1,106,600 is being used to fund the additional salaries and benefits and the pandemic supplies relating to COVID, along with \$1,110,737 in Temporary Pandemic Pay; with the remaining \$772,700 in costs to be funded by the Municipal Operating Safe Restart funding.

Background and Discussion

The Executive Director from each home has reviewed the actual to budget figures and worked with finance staff to project a year-end position by estimating results still anticipated to occur. Highlights of the financial statements and variances are as follows:

Long Term Care Administration

It is anticipated that this department will end the year with a balanced budget. Savings in salaries and benefits are expected due to staff vacancies resulting from later than expected hiring of staff. The cost of this department is funded by each of the three Homes in proportion to the number of beds each home operates, therefore these savings will be distributed to each of the homes and will help to offset each home's expenditures.

Grey Gables

Grey Gables is expected to end the year with an operating budget surplus of \$43,100. Ministry funding for Grey Gables is \$114,400 higher than expected due to a 1.5% budgetary level of care increase (only 1% was budgeted) and funding for two unbudgeted additional bed licenses. Co-payments from residents are also more than anticipated due to the two additional bed licenses.

Salaries and benefits are \$87,600 more than anticipated. Staffing shortages have resulted in savings from unfilled shifts but have given rise to unbudgeted overtime and agency costs. At September 30, 2020, Grey Gables had \$85,900 in overtime and \$94,300 in direct care agency costs.

Raw food is overspent by \$4,800 at September 30, 2020 due to higher costs for food purchases in 2020. However, maintenance of buildings, staff training and development, administration charges and physiotherapy expenses will be underspent in 2020. These savings are providing surplus funds to offset any estimated over-expenditures and are contributing to the overall projected year-end position.

Grey Gables capital budget is anticipated to end the year on target. Several of Grey Gables' capital projects are delayed into 2021 due to COVID and the inability to proceed with non-essential construction.

Lee Manor

Lee Manor is expected to end the year with an operating budget deficit of \$65,900. Ministry funding for Lee Manor is \$29,900 higher than expected due to a 1.5% budgetary level of care increase (only 1% was budgeted) and funding for one unbudgeted additional bed license. Co-payments from residents are also more than anticipated due to the additional bed license.

Salaries and benefits are \$138,300 less than anticipated, despite \$338,300 in overtime at September 30, 2020. Staffing shortages have resulted in savings from unfilled shifts but have given rise to unbudgeted overtime and agency costs. At September 30, 2020, Lee Manor had \$140,500 in direct care agency costs, most of which are in the Nursing and Personal Care envelope, and more costs are expected by year end.

Raw food line is also overspent by \$8,800 at September 30, 2020 due to higher costs for food purchases in 2020. However, maintenance of buildings, staff training and development, administration charges and physiotherapy expenses will be underspent in 2020. These savings are providing surplus funds to offset any estimated over-expenditures and are contributing to the overall projected year-end position.

Lee Manor capital budget is anticipated to end the year on target. Several of Lee Manor' capital projects are delayed into 2021 due to COVID and the inability to proceed with non-essential construction.

Rockwood Terrace

Rockwood Terrace is expected to end the year with an operating budget surplus of \$22,800. Ministry funding for Rockwood Terrace is \$69,000 higher than expected due to a 1.5% budgetary level of care increase (only 1% was budgeted) and funding for two unbudgeted additional bed licenses. Co-payments from residents are also more than anticipated due to the two additional bed licenses.

Salaries and benefits are \$156,800 less than anticipated, despite \$131,000 in overtime costs. Staffing shortages have resulted in savings from unfilled shifts but have given rise to unbudgeted overtime and agency costs. At September 30, 2020, Rockwood Terrace has \$158,100 in unbudgeted agency costs.

Raw food line is also overspent by \$23,200 at September 30, 2020 due to higher costs for food purchases in 2020. However, maintenance of buildings, staff training and development, administration charges and physiotherapy expenses will be underspent in 2020. These savings are providing surplus funds to offset any estimated over-expenditures and are contributing to the overall projected year-end position.

Rockwood Terrace's capital budget is anticipated to end the year on target.

Long Term Care Redevelopment

Expenditures for materials & services and professional & consulting fees totaling \$71,000 have been incurred. These expenditures have been recommended and approved to be funded from the Long-Term Care Redevelopment Reserve.

COVID -19 Pandemic

The COVID-19 pandemic has had a significant impact on the finances and operations of the long-term care department. There is still some uncertainty regarding the financial implications of COVID-19. Complicating this financial forecast is the potential for residents and/or staff to become ill with the virus, causing an outbreak.

Expenditures related to COVID-19 were put into place as a result of provincial directives that have been received from either the Ministry of Long-Term Care, Ministry of Health, or the Chief Medical Officer of Health for Ontario. This includes increased spending relating to additional staff, personal protective equipment, cleaning supplies, equipment to support infection prevention and control measures, and screening and testing initiatives.

The Ministry of Long-Term Care has provided emergency prevention and containment funds to support the efforts of the long-term care sector to prevent and contain the spread of COVID-19. Table 1 depicts the funding announcements by date and the amount of funding per announcement.

Month	March	April	May	June	July	August	September	October	November	December
Government Announcement: Prevention & Containment	\$50,000,000		\$88,340,000		\$ 135,000,000	\$405,000,000				
	\$ 25,000,000	\$ 25,000,000	\$ 34,838,200	\$ 44,314,800	\$ 45,293,400	\$45,700,000	\$45,700,000	\$45,000,000	\$45,000,000	\$45,000,000
Grey Gables	\$ 37,500	\$ 37,500	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600
Lee Manor	\$ 37,500	\$ 37,500	\$ 42,200	\$ 42,200	\$ 42,200	\$ 42,200	\$ 42,200	\$ 42,200	\$ 42,200	\$ 42,200
Rockwood Terrace	\$ 37,500	\$ 37,500	\$ 42,400	\$ 42,400	\$ 42,400	\$ 42,400	\$ 42,400	\$ 42,400	\$ 42,400	\$ 42,400
Communication	March 17, 2020	April 1, 2020	May 7, 2020	July 7, 2020	Sept 8, 2020	Sept 7 & 29, 2020		No official announcement yet		

COVID Containment and Prevention funding is being used to fund the additional salaries and benefits and the pandemic supplies relating to COVID, the remaining costs will be funded by the Federal-Provincial Safe Restart Agreement - Municipal Operating Funding – Phase 1.

Table Two shows a projection of COVID funding and expenditures (excluding Temporary Pandemic Pay).

	Grey Gables	Lee Manor	Rockwood Terrace	Total
Projected COVID Prevention & Containment Funding	(279,800)	(412,600)	(414,200)	(1,106,600)
Projected Salaries & Associated Benefits	373,500	622,600	294,700	1,290,800
Projected Other Expenditures	99,400	224,100	265,000	588,500
Total Projected COVID Expenditures	472,900	846,700	559,700	1,879,300
Projected COVID shortfall and amount of Municipal Operating Fund Safe Restart funding	193,100	434,100	145,500	772,700

Legal and Legislated Requirements

None.

Financial and Resource Implications

The Long Term Care department projects an overall year end balanced budget. This balanced budget is based on the use of \$772,700 in the Federal-Provincial Safe Restart Agreement – Municipal Operating Funding – Phase 1 to offset the COVID related costs in total for the three homes, along with Prevention and Containment Funding and Temporary Pandemic Pay funding.

Relevant Consultation

- Internal (Long-Term Care staff, Finance staff)
- External

Appendices and Attachments

[Attachment to LTCR-CM-31-20 Long Term Care Report](#)