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**For Information**

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**REPORT TITLE: Pandemic Response – Financial Update**

**FROM:** Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services

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**OBJECTIVE**

To provide an update on and projection of the impact of the COVID-19 pandemic response on the Region of Peel's finances and related service levels.

**REPORT HIGHLIGHTS**

- Peel has been one of the hardest hit communities by COVID-19 in Ontario, with almost twice the provincial rate of COVID-19 cases.
- Over the past 18 months, responding to the pandemic, including the implementation of the mass vaccination program (MVP), has been Peel's number one priority.
- While Public Health was the most impacted by COVID-19, services across the Region including Long Term Care, Adult Day Services, Waste Management, TransHelp, Housing Support and Community Investment as well as Enterprise Programs & Services were also significantly disrupted, resulting in a backlog of work still required to be done.
- Peel acted quickly by pausing or curtailing non-critical activities, services and priorities to reduce costs and to allow the redeployment of staff to support the pandemic response.
- In 2020, Peel experienced significant additional costs of \$161.3 million due to COVID-19. However, surpluses from services that were slowed down or paused combined with program specific funding and broader municipal level funding (Safe Restart Agreement) from senior levels of government offset the negative financial impacts of the pandemic.
- In 2021, the Province tasked Public Health to vaccinate its residents to help end the pandemic while still being required to manage the fourth wave of COVID-19 in the community.
- To date, the Province has allocated \$73.6 million of funding to address half of the estimated \$153.9 million in costs for mass vaccination. It is anticipated that costs will be lower than originally estimated due to earlier than planned closures for some clinics. However, there is still a significant financial risk to Peel for the remaining unfunded costs.
- For 2022, with the fourth COVID-19 wave expected to continue, resources to continue the COVID-19 response, provide third vaccination doses and provide for the transition and recovery to normal service delivery will be needed.
- To continue the COVID-19 response in 2022, staff are putting in place the temporary resources required, estimated to cost between \$19 million to \$38.5 million depending on the duration of the pandemic. The costs will be funded by the Province.
- Overall, redeployment of Regional staff and resources resulted in the largest disruption of services in the Region's history creating a large back log of work and large one-time surpluses for service activities that could not be done due to the pandemic

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- Advocacy for the unfunded portion of the mass vaccination costs and other incremental COVID-19 related costs must continue to ensure Peel remains financially healthy.
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## **DISCUSSION**

### **1. Background**

Peel Region has been one of the hardest hit communities by COVID-19 in Ontario with the highest case incidence rate in the province representing almost twice the provincial rate. Additional details are provided in the October 28, 2021 companion report to Council titled, “Peel Public Health – Resourcing Public Health Services, COVID-19 Vaccination, and the Ongoing COVID-19 Response”.

While Public Health led the response and was the program most impacted by the pandemic, all services across the Region were also either directly or indirectly impacted. Services such as Long Term Care, Adult Day Services, Waste Management, TransHelp, Housing Support and Community Investment as well as Enterprise Programs and Services were also significantly impacted.

Over the last 18 months, responding to the COVID-19 pandemic and vaccinating its residents has been the Region of Peel’s number one priority. With an “all hands-on deck” approach, Peel acted quickly by pausing or curtailing non-critical activities, services and priorities to reduce costs and to allow the redeployment of staff to support the response to the pandemic. Significant COVID-19 related costs have been and continue to be incurred in order to implement the mass vaccination program, manage the cases, and provide the supports needed in the community.

Senior levels of government have provided over \$367 million in incremental program specific and broader municipal level funding since the start of the pandemic (see Appendix I for a listing of the funding received as of October 2, 2021). The funds were provided to help mitigate unbudgeted costs related to COVID-19 (including mass vaccination costs) and to implement new or enhanced services to support the community such as the implementation of the isolation centres, prevention and containment of COVID-19 in the long term care homes and additional support for child care agencies. Overall the COVID-19 related funding received to date from the Provincial and Federal governments have provided much needed support to the community.

### **2. Findings**

As mentioned earlier, over the past 18 months, the COVID-19 pandemic has significantly impacted not only Peel Public Health but also all services across the corporation.

#### **a) 2020 COVID-19 Response Impact**

In January 2020, Peel Public Health had begun its response to the pandemic with the rest of the organization joining the response after the Province imposed strict public health measures and widespread closures. This required Public Health to investigate cases and contacts, manage exposures and outbreaks, and conduct data surveillance and epidemiological analysis. To enable the quick COVID-19 response, resources were redeployed from within Public Health and across the organization.

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Table 1: 2020 Year End Drivers of Variance for Regionally Controlled Services

	Operational Variance	COVID Related			Year-End Surplus/ (Deficit)	
		Service Level Change	COVID Costs	Program Specific Funding		
Regionally Controlled Tax Services	(\$3.0M)	\$91.8M	(\$154.3M)	\$67.1M	\$14.2M	<b>\$15.8M</b>
Utility Rate Supported	\$6.8M	\$3.1M	(\$7.0M)	-	\$0.2M	<b>\$3.1M</b>
<b>Total</b>	<b>\$3.8M</b>	<b>\$94.9M</b>	<b>(\$161.3M)</b>	<b>\$67.1M</b>	<b>\$14.4M</b>	<b>\$18.9M</b>

As seen in the Table 1 above and as reported to Council through the May 11 report “2020 Operating Financial Triannual Performance Report – Year End (Unaudited)”, Regionally Controlled services incurred \$161.3 million in COVID-19 related costs. These costs were partially offset by savings of \$94.9 million from service level adjustments as staff and resources were redeployed to support the COVID-19 response. Services that were paused or curtailed could not provide planned service levels due to COVID-19 resulting in year end surpluses. Table 2 provides highlights of the services impacted:

Table 2: Highlights of Services with Reduced Service Levels in 2020\*

Service	2020 Service Level Adjustment
TransHelp	\$6.7M
Adult Day Service	\$2.8M
Housing Support	\$2.7M
Corporate Services	\$2.4M
Public Health Services	
Chronic Disease Prevention	\$2.7M
Early Growth & Development	\$1.3M
Infectious Disease Prevention	\$1.1M

\* As shown in Appendix III of the 2020 Operating Financial Triannual Performance Report – Year End (Unaudited)

Funding from senior levels of government helped to keep Peel financially whole. Program specific funding of \$67.1 million was provided to address COVID-19 related costs in Public Health, Long Term Care, Paramedic Services, Housing Support, and Early Years and Child Care. In addition, broader municipal level funding of \$47.9 million (Safe Restart Agreement) was also allocated to Peel of which \$14.4 million was used to offset remaining COVID-19 related impacts.

Work on the overall 2019 – 2022 Term of Council Priorities (see Table 3 below) was also slowed down or impacted due to the pandemic. While there was some forward movement made on some of the priorities, most priorities had limited or no progress made during the pandemic leaving much work to be done once recovery starts.

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Table 3: 2019 – 2022 Term of Council Priorities

2019 – 2022 Term of Council Priorities	Associated Service
Transform Housing Service Delivery	Housing Support
Enhance Supports for Employment	Income Support, Land Use Planning
Enhance Seniors' Supports and Services	Adult Day, Broad Service Connections
Advance Community Safety and Well-being	Broad Service Connections
Expand Community Mobility	Transportation, TransHelp
Build Environmental Resilience	Corporate Governance, Waste, Asset Management, Transportation
Improve Service and Confidence	Information Technology

Additional details on the progress of the ToCPs are provided in the October 28, 2021 report “Regional Council Strategic Plan and Term of Council Priorities Update”.

### b) 2021 COVID-19 Response

In 2021, the Province tasked Public Health to vaccinate its residents to help end severe impacts of the pandemic while still being required to manage the fourth wave of COVID-19 in the community. To enable the mass vaccination program, significant additional resources, over and above those currently being used for the COVID-19 response, were required.

With a target of vaccinating 90 per cent of Peel’s eligible residents, the mass vaccination program (“MVP”) is one of Peel’s largest ever undertakings in terms of resources as close to 2,300 temporary staff were required. This was accomplished through the hiring of over 1,800 incremental contract staff and the pausing or slow down of more services as more staff were redeployed to support the MVP.

Table 4: Highlights of Services with Projected Service Level Reductions in 2021

Service	2021 Service Level Reduction (projected)*
TransHelp	\$11.2M
Corporate Services	\$7.8M
Housing Support	\$6.4M
Service Excellence & Innovation	\$3.5M
Adult Day Service	\$1.5M
Public Health Services	
Chronic Disease Prevention	\$21.2M
Early Growth & Development	\$14.5M
Infectious Disease Prevention	\$18.9M

\*Excludes the impact of any external funding reductions driven by the lower service level

Similar to 2020, prior to any provincial funding announcements, Peel mitigated the risk of additional costs by slowing down or pausing non-MVP services and priorities. As additional resources across the corporation were redeployed, significant disruptions to service levels occurred generating large one-time surpluses (see Table 4 above) and substantial back logs of work including core operational activities such as staff recruitment, forward planning and the advancement of Term of Council Priorities.

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While many services experienced disruption, Public Health services were the most severely impacted. Critical Public Health programs such as providing immunization services, pregnancy and parenting support, and emergency dental treatments for seniors through the Ontario Seniors Dental Care Program were either paused or significantly curtailed. Details of the impact to core Public Health activities are provided in the October 28, 2021 companion report “Peel Public Health – Resourcing Public Health Services, COVID-19 Vaccination, and the Ongoing COVID-19 Response”.

As presented to Council through the October 28, 2021 “Operating Financial Triannual Performance Report – August 31, 2021”, staff estimated a positive year end position of \$29.9 million for Tax Supported Regionally Controlled service. This projected surplus position is highly dependent on the level of funding that Peel ultimately receives from senior levels of government for its COVID-19 related costs and mass vaccination costs.

Staff had initially submitted a total estimated budget (including external partners) of \$153.9 million for the MVP. Staff currently project that total MVP costs will be around \$107.3 million, lower than initially estimated, pending any new direction or mandate from the Province. To date, the Province has allocated \$73.6 million of funding to address roughly half of the \$153.9 million estimated cost for the mass vaccination program leaving a significant financial risk of \$33.7 million to the Region of Peel. No written confirmation has been received yet from the Province for unfunded costs but staff anticipate all MVP costs will be funded.

### **c) Continuing the COVID-19 Response into 2022**

Peel has entered into the fourth COVID-19 wave and still in the middle of its COVID-19 response. With ongoing support of resources from other Regionally Controlled services, Peel Public Health is still managing the spread of the pandemic through case and contact management, outbreak investigation and exposure assessment, and surveillance and data collection.

As mentioned earlier, numerous services and priorities have been paused or slowed down since the beginning of 2020. 1,800 incremental temporary resources were hired and 500 full time regular staff were redeployed from across the corporation in 2021 to support the pandemic response. In order to continue the response, develop plans for transition and recovery, sufficient time and resources will be required as staff are both physically and mentally exhausted. Based on what is known today, it is estimated that 389 of the current staffing resources will be required into 2022 to continue the pandemic response. This estimate excludes the staffing resources that would be required by Peel Public Health to fully deliver their core mandated services.

## **RISK CONSIDERATIONS**

The COVID-19 pandemic response and mass vaccination program have driven significant levels of unbudgeted expenditures that the Region of Peel has had to fund upfront. Senior levels of government have provided funding for COVID-19 related costs. To date, the Province has approved and funded \$73.6 million of the \$153.9 million estimated mass vaccination budget submitted by Peel in April 2021. Excluding any requirements for mandated third vaccination shots, staff project that the total mass vaccination costs will be about \$107.3 million leaving an unfunded gap of \$33.7 million. If the full \$153.9 million of the MVP budget submitted to the Province is required then the funding gap would be \$80.6 million. Ongoing advocacy to senior

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levels of government for incremental COVID-19 related costs are required in order to ensure that Peel remains financially healthy in the long term.

The estimated staffing levels to continue the response into 2022 will evolve as the duration and severity of the pandemic changes. Required resources will also greatly depend on the direction from the Province for the mass vaccination requirements. At the time of the writing of this report, it was not clear yet if mass vaccination will become an ongoing program for Public Health or what levels of funding would be provided along with that program.

In addition, if staffing resources continue to be required, numerous services and priorities will continue to be slowed or paused leaving significant backlog of work that will eventually need to be done in the future once the pandemic is over.

### **FINANCIAL IMPLICATIONS**

As highlighted in the report, significant staffing resources required to support the ongoing response to COVID-19. Depending on the duration and severity of the pandemic, the cost of the needed resources is estimated to cost between \$19.3 million to \$38.5 million.

While it is the expectation that the Province will fund these COVID-19 driven costs, in the event that the funding doesn't fully materialize, other financial strategies include proposing the use of reserves or increasing property taxes

### **CONCLUSION**

The COVID-19 pandemic and mass vaccination program required the redeployment of Regional staff and reduction of non-MVP services to enable the quick response from Peel's Public Health unit. This resulted in the largest disruption of services in the Region of Peel's history, creating a significant back log of work and large one-time surpluses. As the pandemic continues into 2022, resources are required to continue the response and enable the transition and recovery to normal service delivery.

### **APPENDICES**

Appendix I – COVID-19 related Funding from the Federal and Provincial Government

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