
REPORT TITLE: 2024 Operating Financial Triannual Performance Report – August 31, 2024

FROM: Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

- 1. That the 2024 Early Years and Child Care gross expenditure and revenue be increased by \$8,518,201 to account for the Canada Wide Early Year and Child Care (CWELCC) Funding 2024 Funding Allocations for the Emerging Issues Initiative, with no net financial impact to the existing budget; and**
- 2. That the 2024 Early Years and Child Care gross expenditure and revenue be increased by \$2,882,766 to account for the New Child Care Funding Approach, 2024 CWELCC One-Time Administrative Funding Initiative, with no net financial impact to the existing budget.**

REPORT HIGHLIGHTS

- Regional Council approved the 2024 Operating Budget of \$3.4 billion to enable the Region of Peel to continue delivering services and meet the service needs of the residents, taxpayers, and the service demands of a growing community.
- Regionally Controlled Tax Supported Programs project a year-end surplus of \$3.9 million or variance of 0.2 per cent, and Utility Rate supported services project the year-end to be on budget.
- The Region projects an overall surplus of \$3.9 million or variance of 0.2 per cent, which is within the budget accuracy target range of plus or minus 3 per cent.
- Staff recommends increasing the 2024 Early Years and Child Care operating budget in the amount of \$11,400,967 (\$8,518,201+\$2,882,766) to reflect increased external funding, with no net impact to the budget.
- A companion capital performance report for 2024 has been provided to Regional Council to provide analytics on the capital program.
- Projected year end results are based on actions that are consistent with the principles approved by Council to maintain Regional services through the transition period.

DISCUSSION

1. Background

The Budget Policy requires that staff report the status of operating and capital services at a minimum of twice annually to manage financial performance to ensure the long-term

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financial sustainability of Regional services. This report provides the first forecasted year-end financial position of the Operating Budget based on the information and financial results as of August 31, 2024.

a) 2024 Operating Budget

The approved 2024 Operating Budget of \$3.4 billion includes \$0.7 billion to the Regionally Financed External Organizations: Peel Regional Police, Ontario Provincial Police, and three Conservation Authorities. The budget provides the Region with the funding to support community needs through services.

The Region's operating budget is developed based on the best information available during budget preparation. Budget assumptions are modeled and projected for drivers such as social assistance caseload, 9-1-1 call volumes, winter events and water consumption. Risks are identified and mitigated where reasonably possible, including the use of rate stabilization reserves to address volatility in weather conditions, economic cycles, and one-time initiatives or to minimize the impact on the Tax and Utility ratepayers.

2. Operating Results

The Region's operating performance includes Tax Supported Services, both Regionally Controlled and Regionally Financed External Organizations, and Utility Rate Supported Services. Overall, the Region anticipates a tax-related surplus of \$3.9 million, as Utility Rate Supported services is projecting to be on budget as outlined in Table 1 below.

Table 1: Projected Regional Budget Variances

	Net Revised Budget	Year-End Projection	Projected Year-End Surplus/(Deficit)	Variance to Net Budget
	\$Millions			
Tax Supported Services	\$1,481.6	\$1,477.7	\$3.9	0.3 %
Utility Rate Supported Services	\$572.1	\$572.1	\$ -	0.0 %
Total	\$2,053.7	\$2,049.8	\$3.9	0.2 %

Appendix I provides a summary of the projected year-end position by service.

a) Tax Supported Services

As outlined in Table 2 below, Tax Supported Regionally Controlled Services are projecting a surplus of \$3.9 million by year-end, representing a variance of 0.3 per cent of the Tax Supported total net budget, which is within Peel's budget accuracy target of plus or minus 3 per cent. Regionally Financed External Agencies are forecasting a balanced budget.

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Table 2: Projected Variances for Tax Supported Services

	Net Revised Budget	Year-End Projection	Projected Year-End Surplus/ (Deficit)	Variance to Net Budget
	\$ Millions			
Regionally Controlled Services	\$796.5	\$792.6	\$3.9	0.5 %
Regionally Financed External Organizations	\$685.1	\$685.1	\$ -	0.0 %
Total Tax Supported	\$1,481.6	\$1,477.7	\$3.9	0.3 %

The following highlights key drivers of the projected budget variances for Regionally Controlled Tax Supported Services based on the information available at the time of the writing of this report.

I. Early Years and Child Care (Net surplus of \$2.0M)

- Surplus mainly due to implementation of the Canada-Wide Early Learning and Child Care (CWELCC) which continues to reduce fee subsidy requirements from the Region and resulted in lower expected demand than anticipated.

II. Waste Management (Net surplus of \$1.8M)

- Surplus mainly due to lower tonnage on waste collection offset by contract pricing increases in addition to aligning the contract extensions to the timing of the Blue Box transition to Producers.

III. Seniors Services (Net surplus of \$1.1M)

- Increased provincial funding of \$1.5 million received on March 27, 2024.
- Under expenditure of \$1.0 million due to the timing of the opening of Seniors Health and Wellness Village.
- Over-expenditure of \$0.6 million to address flooding events and outbreaks.

IV. Housing Support (Net surplus of \$1.1M)

- Underspending of \$8.4 million in subsidy due to the volatile rental market and lower number of Rent Geared to Income units for Peel Living.
- Underspending of \$5.8 million due to the planning of the full launch for the Outreach Place Based program to incorporate encampment policy and protocol requirements.
- Underspending of \$1.9 million in wrap around supports due to the phased-in approach to program implementation.
- Underspending of \$0.9 million due to the timing of the implementation of the Rutherford Transitional program.
- Underspending of \$0.9 million in My Home Second Units program due to program evaluation.
- Over expenditure of \$6.8 million due to continued need for increased Homelessness Prevention Funds.
- Over expenditure of \$6.5 million due to increased demand in Homelessness shelter overflow.

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- Over expenditure of \$3.5 million of Peel's share of the Asylum Claimant Response.

V. Paramedic Services (Net deficit of \$3.0M)

- Deficit mainly due to higher staffing costs to accommodate modified work schedules and increased maintenance costs for aging fleet.

Staff will continue to monitor the key drivers listed above and take actions to manage and mitigate potential risks where necessary for the remainder of the 2024 fiscal year.

Appendix II provides a summary of the key drivers for the year-end variances by service for Tax Supported Services.

b) Utility Rate Supported Services

As outlined in Table 3 below, Utility Rate Supported Services are projecting to be on budget by year end with consumption volumes expected to be align with the budget.

Appendix II provides a summary of the key drivers for the Water and Wastewater service.

Table 3: Projected Variances for Utility Rate Supported Services

Services	Net Revised Budget	Year-End Projection	Projected Year-End Surplus/ (Deficit)	Variance to Net Budget
	\$ Millions			
Water and Wastewater Net Expenditures before Billings	\$572.1	\$572.1	\$ -	0.0 %
Peel Direct Billings	\$527.3	\$527.3	\$ -	0.0 %
Other Recoveries / Surcharges	\$44.8	\$44.8	\$ -	0.0 %
Total	\$ -	\$ -	\$ -	0.0 %

3. Budget Increase with no net impact

The Emerging Issues Funding under the Canada-Wide Early Learning and Child Care program supports the gap between child care providers non discretionary expenses related to the 0-5 age group and the associated revenue. The Province allocated \$8,518,201 to Peel.

Child care providers submitted an application to Peel for this funding and Peel submitted the amount needed to support Peel's child care system to the province. These funds must be spent by December 31, 2024.

Peel received an incremental one-time administration funding of \$2,882,766 allocated by the province in recognition of the increased resources needed to implement the province's new

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funding formula in 2025. This funding formula is a new approach to how childcare providers will be funded under the Canada-Wide Early Learning and Child Care program as it significantly changes the way child care providers' funding allocations are calculated.

Additional resources are needed to develop new reporting processes, assess financial reports submitted by child care providers, develop policies and support child care providers in the transition to a new funding environment. These funds must be spent by December 31, 2024.

4. 2025 Outlook

The projected 2024 financial results are being driven by several factors including economy, post-COVID 19 recovery, weather, service demand and other operational variables. Staff will continue to monitor, assess, and review the 2024 results to inform and develop risk mitigation strategies for the 2025 Budget planning cycle.

As presented through the June 13, 2024, report of the Chief Financial Officer and Commissioner of Corporate Services titled "Approach to the Development of the 2025 Budget", no budget targets have been set for 2025 given the current economic environment.

5. 2024 Capital Performance

A companion report titled, "2024 Capital Financial Triannual Performance Report – August 31, 2024" is listed on the October 24, 2024, Regional Council agenda. The goal is to provide additional information and analyses of the Region's capital program to support Regional Council in making better informed decisions on the capital program.

BILL 112 RISKS AND IMPLICATIONS

On June 8, 2023, the Province passed Bill 112, the *Hazel McCallion Act (Peel Dissolution), 2023*, which was initially intended to dissolve the Region of Peel and provided for a Transition Board to make recommendations to the province on how to implement the restructuring. On June 6, 2024, Bill 185 took effect, amending Bill 112 and reversing the decision to dissolve the Region of Peel. Bill 185 changed the name of the legislation to the *Hazel McCallion Act (Peel Restructuring), 2023* and recalibrated the Transition Board's mandate to focus on making recommendations on land use planning; water and wastewater; storm water; highways; and waste management. Final details of the Transition Board's recommendations, any associated provincial decision and impacts on Peel services are not known at this time and will be addressed in future reporting to Regional Council.

The 2024 Triannual Operating results related to the Bill 112 *Hazel McCallion Act (Peel Dissolution), 2023* reflect \$5.8 million in costs, including \$0.5 million for Transition Board costs up to March 15, 2024. A full schedule of costs is included in Appendix III. Costs will be funded from the Tax Supported Rate Stabilization Reserve. No additional invoices have been received since March 2024.

CONCLUSION

The Region will continue to monitor the impact of key drivers on services and funding opportunities from senior levels of government whilst actively looking for opportunities to reduce spending with minimal risk to service levels. These actions, including active monitoring of inflation, will be taken into consideration including alignment to the principles to maintain

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Regional Services through the transition period and subsequent direction related to Bill 112 and Bill 185.

APPENDICES

Appendix I - 2024 Operating Year-End Position by Service

Appendix II - Drivers of Year-End Variance to 2024 Budget

Appendix III - Details of Bill 112 Related Costs for 2024



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