
South East Health Unit

formerly



FINANCE COMMITTEE MEETING AGENDA PACKAGE

WEDNESDAY, APRIL 16, 2025

at 1:00 p.m.
Kingston Site
221 Portsmouth Avenue

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Meeting ID: 221 719 587 55

Passcode: DE9f8hn7

To ensure a quorum we ask that you please RSVP to
kathleen.thompson@kflaph.ca or 613-549-1232 Ext. 1147.

South East Health Unit

formerly



FINANCE COMMITTEE AGENDA

Wednesday, April 16, 2025

1:00 p.m. (Boardroom)

Expected attendance:

In-Person: Councillor Judy Greenwood-Speers, Chair Anne-Marie Koiner, Councillor Peter McKenna, Mayor Jan O'Neill,
Virtual: Dr. Jeffrey Allin, Melanie Paradis
Officers: Dr. Piotr Oglaza, Suzette Taggart

1. **CALL TO ORDER**

2. **LAND ACKNOWLEDGEMENT**

South East Health Unit is located on the traditional territory of Indigenous peoples dating back countless generations. We would like to show our respect for their contributions and recognize the role and treaty making in what is now Ontario. Hundreds of years after the first treaties were signed, they are still relevant today.

3. **ROLL CALL**

4. **APPROVAL OF THE AGENDA**

MOTION: THAT the Finance Committee approve the agenda for April 16, 2025.

5. **APPROVAL OF THE MINUTES OF PREVIOUS MEETING**

MOTION: THAT the Finance Committee approve the minutes of the meeting held on February 19, 2025.

6. **DISCLOSURE OF PECUNIARY INTEREST AND / OR CONFLICT OF INTEREST**

7. **NEW BUSINESS**

7.1 Fourth Quarter for Leeds, Grenville and Lanark District Health Unit

7.2 First Quarter Variances for South East Health Unit

7.3 Annual Service Plan (ASP)**7.4 Erosion of Public Health Funding**

ACTION: THAT the Finance Committee recommends THAT the Board of Health demonstrate its support for long-term, sustainable provincial public health funding by requesting participation in the Ministry of Health's policy review of the public health funding methodology.

7.5 2024/2025 Year One Merger Budget and Accomplishments**7.6 Municipal Levy Discussion****8. ADJOURNEMENT**

MOTION: THAT this Finance Committee meeting be adjourned.

South East Health Unit

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FINANCE COMMITTEE MINUTES

Wednesday, February 19, 2025

1:00 p.m.

Minutes of the meeting of the Finance Committee held at 221 Portsmouth Avenue, Kingston, ON, in-person and through MS Teams.

In attendance:

In-Person: Councillor Judy Greenwood-Speers, Councillor Anne-Marie Koiner, Councillor Peter McKenna, Mayor Jan O'Neill

Virtual: Dr. Jeffrey Allin, Melanie Paradis

Officers: Dr. Piotr Oglaza, Suzette Taggart

1. **CALL TO ORDER**

Mayor J. O'Neill, Board of Health Chair, called the meeting to order at 1:01 p.m.

2. **TERRITORIAL ACKNOWLEDGEMENT**

Spoken by Mayor J. O'Neill.

3. **ROLL CALL**

Roll call was taken by Recorder, K. Thompson.

4. **ELECTION OF CHAIR**

Nominations were opened for the position of Chair of the Finance Committee for 2025. Councillor P. McKenna nominated Councillor Anne-Marie Koiner. There were no other nominations.

Councillor Anne-Marie Koiner accepted the position of Chair of the Finance Committee for 2025 by acclamation.

5. **APPROVAL OF THE AGENDA**

It was noted that Dr. Allin, who was unable to attend the January 22, 2025 Board of Health meeting, has since expressed interest in joining the Finance Committee. Until his appointment is approved by the Board of Health, he will attend as a non-voting participant.

It was also clarified that, according to the terms of reference, Mayor J. O'Neill is an ex-officio voting member of the Committee, while the Medical Officer of Health/Chief Executive Officer or designate and the Corporate Services Director or designate are ex-officio non-voting members.

Last-minute additions to the agenda are discouraged to ensure committee members have adequate time to review and prepare. It was also noted that the Finance Committee's terms of reference were approved by the Board of Health on January 22, 2025, and it is premature to evaluate or revise them at this time, with a potential review in six months.

It was MOVED by Councillor J. Greenwood-Speers and SECONDED by Councillor P. McKenna THAT the Finance Committee approve the agenda of Wednesday, February 19, 2025, as amended to include a future review of Finance by-laws and policies, specifically, the Management of Property, Financial Controls and the Investment Policy.

(3 in favour / 2 opposed, 0 abstention) CARRIED

6. DISCLOSURE OF CONFLICT OF INTEREST

No conflicts were declared.

7. NEW BUSINESS

7.1 *Proposed Finance Committee Meeting Schedule*

The proposed meeting schedule is feasible for the majority, though several alternatives were discussed to accommodate all schedules. However, none of these options were possible for everyone.

It was also proposed that monthly meetings should be held during the first year of the merger. However, concerns were raised regarding the availability of sufficient substantive financial information for these meetings, as well as potential workload constraints on the Finance Team.

It was noted that the meeting in March was removed, as the Finance Team is focused on preparing an item for the Board of Health meeting on March 26, 2025.

Decision: The committee members will proceed with the proposed meeting schedule, which is feasible for the majority and accommodates the Finance Team's capacity while aligning with Board of Health and Ministry reporting requirements. Staff will explore additional date options for a monthly framework.

7.2 *Draft 2025 Cost-Shared and 100 percent Funded Budget*

The 2025 budget preparation was delayed owing to the late approval of the merger. The draft budget used 2024 financial data, with merger funds allocated for salary stabilization and covering transition costs, including human resources, capital improvements, consulting, wage harmonization, and technology modernization.

Funding sources for the South East Health Unit are primarily from the Ministry of Health (61 percent), municipalities (24 percent), the Ministry of Children, Community and Social Services (9 percent), and other sources (6 percent). The organization faces challenges from salary increases and rising operating costs, including a 5 percent increase in most expenses. Key program areas, such as vaccine preventable diseases, emergency preparedness, and substance use prevention, are under pressure. Merger funds will primarily support building occupancy and integrating the three legacy agencies.

To address financial challenges, the organization plans to improve budgeting methods, use forecasting tools, and conduct an extensive review of agreements and approaches to identify areas of overspending related to building occupancy, operations, and technology infrastructure, with a goal to improve and modernize systems, processes and programs in the most cost-effective way. Year two merger funds will focus on employee retention, technology integration, and change management. The revenue and expenses for HPEPH, KFLAPH, and LGLDHU from January 1 to December 31, 2024, are still under review, with final figures to be presented in spring 2025. HPEPH operated under budget, with savings reinvested into IT infrastructure. KFLAPH was under budget by \$900k, largely due to staffing delays and funding reallocation, but experienced overspending in employee benefits and IT costs. LGLDHU faced a \$700k deficit.

S. Taggart noted the merger's success in paying off mortgages for KFLA and HPE, with LGL's mortgage to be paid off by September 2025. Concerns remain about rising costs outpacing revenue growth, especially with contractual obligations and salary increases. To address these, the organization will implement a more consistent and thorough annual budgeting and program review method for allocating resources to balance our agency's budget, health outcomes, and services, reinvesting savings into service delivery.

Strategic human resources planning is crucial, as staffing is the largest budget item. The organization is focusing on optimizing rural service delivery and managing the merger's impact on staffing levels, with consultants engaged for communications, compensation, benefits harmonization, contract management, and project management. The organization is committed to effective service delivery throughout the merger process.

It was MOVED by Mayor J. O'Neill and SECONDED by Councillor J. Greenwood-Speers THAT the Finance Committee receive budget documents and recommend to the Board of Health the draft 2025 Cost-Shared and 100 percent Funded Budget as presented.

CARRIED

8. ADJOURNMENT

It was MOVED by Councillor P. McKenna and SECONDED by Councillor J. Greenwood-Speers THAT the Finance Committee be adjourned at 2:24 p.m.

CARRIED

Finance Committee Briefing Note

7.3

To:	South East Health Unit – Finance Committee
Prepared by:	Amy Rankin, Finance Manager
Approved by:	Dr. Piotr Oglaza, Medical Officer of Health and Chief Executive Officer
Date:	Wednesday, April 16, 2025
Subject:	Annual Service Plan (ASP)
Nature of Board Engagement	<input checked="" type="checkbox"/> For Information <input type="checkbox"/> Strategic Discussion <input type="checkbox"/> Board approval and motion required <input checked="" type="checkbox"/> Compliance with Accountability Framework <input type="checkbox"/> Compliance with Program Standards
Action Required:	Review the Annual Service Plan Summary
Background:	<p>The Annual Service Plan (ASP) document supports the Public Health Accountability Framework by describing the complete picture of programs and services being delivered by boards of health and within the context of the Standards. The ASP demonstrates that public health programs and services align with the priorities of their communities and accountability for planning use of funding per program and service.</p> <p>For 2025, the ASP provides the following content:</p> <ul style="list-style-type: none"> • Legacy health unit budget submission for each program which will be re-assessed throughout the year. • One-time funding requests. • Board of health membership, apportionment of costs, and certification. <p>Key takeaway information, includes:</p> <ul style="list-style-type: none"> • Mandatory base funding requested per approved budget was \$48,789,698 • Ontario Seniors Dental Care Program requested an additional \$268,000 to the approved \$3,312,800 program base funding to help support a significant increase to program demand. • One Time funding requests included: <ul style="list-style-type: none"> ○ \$124,000 for Public Health Inspector(s) practicum training <p>The SEHU's ASP was submitted to the Ministry of Health on April 2, 2025.</p>
Reviewed By:	Dr. Piotr Oglaza, Medical Officer of Health and Chief Executive Officer

South East Health Unit

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Board of Health Finance Committee Briefing Note

To:	South East Health Unit Board of Health Finance Committee
Prepared by:	Suzette Taggart, Director, Corporate Services
Approved by:	Dr. Piotr Oglaza, Medical Officer of Health and Chief Executive Officer
Date:	Wednesday, April 16, 2025
Subject:	Erosion of Public Health Funding
Nature of Board Engagement	<input type="checkbox"/> For Information <input type="checkbox"/> Strategic Discussion <input checked="" type="checkbox"/> Board approval and motion required <input type="checkbox"/> Compliance with Accountability Framework <input type="checkbox"/> Compliance with Program Standards
Action Required:	THAT the Finance Committee recommends THAT the Board of Health demonstrate its support for long-term, sustainable provincial public health funding by requesting participation in the Ministry of Health's policy review of the public health funding methodology.
Background:	<p>This memo has been prepared to illustrate the need to strengthen and focus on sustainable public health funding that will keep pace with inflation, population growth, and the ever-changing and growing scope and complexity of public health challenges.</p> <p>It is vital for the Ministry of Health to invest in a robust, responsive, realistic and equitable public health funding framework to ensure that all communities have the resources and support they need to achieve optimal health and well-being for their community members and are compliant with the requirements of the Ontario Public Health Standards.</p> <p>The Ministry of Health's 1.00% increase to their provincial contribution towards mandatory programming for 2024, 2025, and 2026 is contributing to program and service reductions, staffing shortages, and diminished public health capacity - leaving communities more vulnerable.</p> <p>South East Health Unit (SEHU) finance team is working on projection models to estimate the funding challenges for 2030 given what is known</p>

	<p>today. The approximate 2025 mandatory programs budget is \$50m. Currently the expenses for SEHU are projected to increase an average of 4.00% per year. That 4.00% does not include the unknown impacts from the current global state (i.e., tariffs) or the impacts of wage harmonization.</p> <p>In the model, given the Ministry's 1.00% increase to base funding, cost increases exceed funding increases by 3.00% per year, which is about \$1.5m. For year two, this mismatch would grow to \$3.0m (\$1.5m from year one, plus another \$1.5m for year two). By 2030, it will grow to around \$7.5m.</p> <p>For 2025, the voluntary merger funding absorbs about \$4.3m of costs. Once that funding envelope ends, these costs will be transferred back to the mandatory programs budget. If impacts from population growth and annual compounding are considered, the projected deficit for 2030 ranges from \$12.7m to \$15.6m. Impacts from world economics and salary harmonization could increase that deficit even more.</p> <p>Boards of Health are expected to be good stewards of public health funding; to achieve this, the funding must be stable, predictable, and indexed to changes in population and inflation, factors that are externally controlled. The funds must be protected and sufficient for the full delivery of all public health programs and services, whether mandated by the province or adopted to serve unique local needs as authorized by the Health Protection and Promotion Act, 1990.</p>
Reviewed By:	Dr. Piotr Oglaza, Medical Officer of Health and Chief Executive Officer



Erosion of Public Health Funding

John Wickson
Manager, Finance, SEHU

March 26, 2025
Board of Health

South East Health Unit

Purpose of Today's Presentation



- Increase awareness of the erosion of public health funding.
- Anchor the projected severity of this issue in realistic numbers, up to and including 2030.
- Set the stage for future planning and budgeting.
- Plant the seeds for creative solutions to avoid future deficits.
- Energize the audience to become and continue to be vocal advocates for the public health system.

Projected Population Growth

	Approx 2024 Projection	Approx 2025 Projection	Approx 2026 Projection	Approx 2027 Projection	Approx 2028 Projection	Approx 2029 Projection	Approx 2030 Projection	2024 Proportion
HPE								
County of Hastings	47,710	48,385	48,930	49,364	49,836	50,307	50,777	8%
City of Belleville	59,871	60,718	61,403	61,947	62,540	63,131	63,720	10%
City of Quinte West	49,539	50,240	50,807	51,257	51,748	52,236	52,724	8%
County of Prince Edward	27,484	27,700	27,860	27,965	28,087	28,212	28,342	5%
Total HPE	184,604	187,043	189,000	190,533	192,211	193,886	195,563	31%
KFLA								
City of Kingston	144,209	146,053	147,487	148,572	149,852	151,151	152,471	24%
County of Frontenac	30,470	30,860	31,162	31,392	31,662	31,937	32,216	5%
County of Lennox and Addington	47,055	47,449	47,842	48,226	48,630	49,030	49,425	8%
Total KFLA	221,734	224,362	226,491	228,190	230,144	232,118	234,112	37%
LGLD								
Lanark County	70,702	71,903	73,032	74,089	75,185	76,278	77,366	12%
Town of Smiths Falls	9,737	9,903	10,058	10,204	10,355	10,505	10,655	2%
United Counties of Leeds and Grenville	76,061	76,688	77,289	77,868	78,497	79,133	79,777	13%
City of Brockville	22,301	22,485	22,662	22,831	23,016	23,202	23,391	4%
Town of Gananoque	5,624	5,670	5,715	5,758	5,804	5,851	5,899	1%
Town of Prescott	4,731	4,770	4,807	4,844	4,883	4,922	4,962	1%
Total LGLD	189,156	191,419	193,563	195,594	197,740	199,892	202,050	32%
Total SEHU	595,494	602,824	609,054	614,317	620,095	625,896	631,725	100%
Year-over-Year Increase								
		1%	1%	1%	1%	1%	1%	

Source: Ontario Ministry of Health and Long-Term Care, IntelliHEALTH Ontario, Date extracted 2024-Dec-18.

Setting the Funding Stage



- The majority (80%) of our funding relates to the mandatory programs as required by the Ontario Public Health Standards (OPHS).
- The two primary sources: 'provincial' and 'municipal' funding.
- Currently, the required funding split is 75% from provincial sources and 25% from municipal sources.
- Changes to the funding splits can have significant impacts on our municipalities.

2024 Funding Splits

	HPE	KFLA	LGLD
Funding Sources (Actuals)			
Provincial	\$ 10,614,900	\$ 12,704,100	\$ 9,120,700
Municipal	3,798,301	6,705,833	3,571,648
Total	\$ 14,413,201	\$ 19,409,933	\$ 12,692,348

	HPE	KFLA	LGLD
Funding Splits			
Provincial	74%	65%	72%
Municipal	26%	35%	28%
Total	100%	100%	100%

- Currently, the Ministry has indicated a 1% increase in provincial funding for the calendar years 2025 and 2026. This model assumes that this trend will continue for all future years.
- This model assumes a funding split of 72.5% provincial and 27.5% municipal.
- Ministry review of the funding formula is underway. Details such as what this will entail, when it will be ready, or when it will be implemented are unknown.



Ministry of Health Funding Assumptions

South East Health Unit

Pause...

- If there is a 1% increase in funding, where is the erosion?
 - In reality, expenses are increasing at a higher rate.
 - It does not adjust for population changes.

Projected Funding*

Provincial Funding	2025	2026	2027	2028	2029	2030
HPE	\$ 10,721,049	\$ 10,828,259	\$ 10,936,542	\$ 11,045,907	\$ 11,156,366	\$ 11,267,930
KFLA	12,831,141	12,959,452	13,089,047	13,219,937	13,352,136	13,485,657
LGLD	9,211,907	9,304,026	9,397,066	9,491,037	9,585,947	9,681,806
Total	\$ 32,764,097	\$ 33,091,737	\$ 33,422,655	\$ 33,756,881	\$ 34,094,449	\$ 34,435,393
Funding Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Funding Split						
Provincial	72.50	72.50	72.50	72.50	72.50	72.50
Municipal	27.50	27.50	27.50	27.50	27.50	27.50
Total	100.00	100.00	100.00	100.00	100.00	100.00
Funding						
Provincial	\$ 32,764,097	\$ 33,091,737	\$ 33,422,655	\$ 33,756,881	\$ 34,094,449	\$ 34,435,393
Municipal**	12,427,761	12,552,038	12,677,559	12,804,334	12,932,377	13,061,701
Total	\$ 45,191,858	\$ 45,643,775	\$ 46,100,214	\$ 46,561,215	\$ 47,026,826	\$ 47,497,094

• Projections use the current model of a 1% increase in provincial funding and a 72.5/27.5 split in provincial/municipal funding.

** Municipal 2024 actuals vs 2025 projections drop significantly, primarily due to legacy KFLA aligning with the 72.5/ 27.5 funding split.

Projected Expenses*

Average Expense Increase		4.00%		4.00%		4.00%		4.00%		4.00%	
Cost Only		2025	2026	2027	2028	2029	2030				
	HPE	\$ 14,957,398	\$ 15,555,694	\$ 16,177,922	\$ 16,825,039	\$ 17,498,041	\$ 18,197,963				
	KFLA	19,805,100	20,597,304	21,421,196	22,278,044	23,169,166	24,095,933				
	LGLD	14,712,900	15,301,416	15,913,473	16,550,012	17,212,012	17,900,492				
	Total	\$ 49,475,398	\$ 51,454,414	\$ 53,512,591	\$ 55,653,095	\$ 57,879,219	\$ 60,194,388				
Adjusted for Population Growth		2025	2026	2027	2028	2029	2030				
	Population	602,824	609,054	614,317	620,095	625,896	631,725				
	per Capita Cost	\$ 82.07	\$ 85.36	\$ 88.77	\$ 92.32	\$ 96.01	\$ 99.85				
	Total	\$ 49,475,398	\$ 51,986,179	\$ 54,532,822	\$ 57,247,564	\$ 60,094,440	\$ 63,080,267				
	Impact from Population Growth	\$ -	\$ 531,765	\$ 1,020,231	\$ 1,594,469	\$ 2,215,221	\$ 2,885,879				

* Projections use the current model and do not include the planned application of mitigation measures to balance future budgets, as required.

Projected Net Surplus (Deficit)*

Cost Only	2025	2026	2027	2028	2029	2030
Funding	\$ 45,191,858	\$ 45,643,775	\$ 46,100,214	\$ 46,561,215	\$ 47,026,826	\$ 47,497,094
Total Expenses	(49,475,398)	(51,454,414)	(53,512,591)	(55,653,095)	(57,879,219)	(60,194,388)
Net Surplus (Deficit)	(4,283,540)	(5,810,639)	(7,412,377)	(9,091,880)	(10,852,393)	(12,697,294)
Merger - Funding Harmonization	2,793,540	2,368,415	268,206			
Merger - Stabilization	1,490,000	3,442,224	860,556			
Net Surplus (Deficit) After Merger Funding	\$ -	\$ -	\$ (6,283,615)	\$ (9,091,880)	\$ (10,852,393)	\$ (12,697,294)
Adjusted for Population Growth	2025	2026	2027	2028	2029	2030
Funding	\$ 45,191,858	\$ 45,643,775	\$ 46,100,214	\$ 46,561,215	\$ 47,026,826	\$ 47,497,094
Total Expenses	(49,475,398)	(51,986,179)	(54,532,822)	(57,247,564)	(60,094,440)	(63,080,267)
Net Surplus (Deficit)	(4,283,540)	(6,342,404)	(8,432,608)	(10,686,349)	(13,067,614)	(15,583,173)
Merger - Funding Harmonization	2,793,540	2,368,415	268,206			
Merger - Stabilization	1,490,000	3,973,989	993,497			
Net Surplus (Deficit) After Merger Funding	\$ -	\$ -	\$ (7,170,905)	\$ (10,686,349)	\$ (13,067,614)	\$ (15,583,173)

* Projections use the current model and do not include the planned application of mitigation measures to balance future budgets, as required.

Multiple Scenarios*

		2025	2026	2027	2028	2029	2030					
Scenario Description												
Cost Only												
75/25	\$	(5,789,935)	\$	(7,332,098)	\$	(10,643,920)	\$	(12,419,954)	\$	(14,280,531)		
72.5/27.5		(4,283,540)		(5,810,639)		(7,412,377)		(9,091,880)		(10,852,393)		(12,697,294)
70/30		(2,669,545)		(4,180,504)		(5,765,941)		(7,428,979)		(9,172,863)		(11,000,969)
65/35		930,905		(544,049)		(2,093,122)		(3,719,432)		(5,426,221)		(7,216,860)
Adjusted for Population Growth												
75/25	\$	(5,789,935)	\$	(7,863,863)	\$	(9,969,282)	\$	(12,238,389)	\$	(14,635,175)	\$	(17,166,410)
72.5/27.5		(4,283,540)		(6,342,404)		(8,432,608)		(10,686,349)		(13,067,614)		(15,583,173)
70/30		(2,669,545)		(4,712,269)		(6,786,172)		(9,023,448)		(11,388,084)		(13,886,848)
65/35		930,905		(1,075,814)		(3,113,353)		(5,313,901)		(7,641,442)		(10,102,739)

* Scenarios presented do not include the planned application of mitigation measures to balance future budgets, as required.

In Summary



- The erosion of public health funding is a reality that must be anticipated.
- Awareness of the situation provides the opportunity to adjust our course of action appropriately.
- We must plan for this long-term reality.
- As we merge, efforts must be made to find solutions to relieve pressure on the ongoing mandatory programs budget.



Questions

South East Health Unit

Finance Committee Briefing Note

7.5

To:	South East Health Unit – Finance Committee
Prepared by:	Amy Rankin, Finance Manager and Suzette Taggart, Corporate Director
Approved by:	Dr. Piotr Oglaza, MOH/CEO
Date:	Wednesday, April 16, 2025
Subject:	Strengthening Public Health, 2024/2025 Year One Merger Budget and Accomplishments
Nature of Board Engagement	<input checked="" type="checkbox"/> For Information <input type="checkbox"/> Strategic Discussion <input type="checkbox"/> Board approval and motion required <input type="checkbox"/> Compliance with Accountability Framework <input type="checkbox"/> Compliance with Program Standards
Action Required:	Review Only
Background:	<p>The South East Health Unit (SEHU) received voluntary merger one time funding of \$10,422,385 for operational and \$450,000 for capital expenses to support year one merger activities from April 1, 2024 to March 31, 2025.</p> <p>We have attached the year one merger budget and provided an overview of the accomplishments SEHU has achieved with these funds. This funding supported building occupancy, communications, levy harmonization, governance, human resources stabilization, change management, information technology, legal support, travel and accommodation, and capital purchases.</p> <p>Building Occupancy - \$8,772,282</p> <ul style="list-style-type: none"> • Paid Smith Falls mortgage payments from April 1 2024 to March 1 2025. • Paid commercial building loans in March 2025 for SEHU properties, including: <ul style="list-style-type: none"> • 25 Johnston St, Smiths Falls, • 221 Portsmouth Ave, Kingston, and • 179 N Park St, Belleville. <p>Communications - \$32,764</p> <ul style="list-style-type: none"> • Established a Merger Communications Advisory Committee (made up of communication staff from the three legacy agencies) to ensure consistent internal and external communications. This committee prepared a request for proposal to procure a branding and marketing consultant. The successful consultant, STC, signed with SEHU on January 30, 2025. Phase 1 project kick-off; Phase 2 interviews and online survey, and Phase 3 theme development were completed by March 31, 2025. • Regular, ongoing communication through a variety of channels (e.g., MOH messages, merger newsletter, briefing notes, etc.) has been done to ensure internal staff, management and board members are updated on and aware of merger activities. • Temporary branding for the SEHU was created to ensure our community residents were aware of the merger and how to contact programs and offices across the south east area.

Levy Harmonization - \$496,847

Governance - \$92,065

- Regular, ongoing meetings of the South East Transition Team throughout 2024 to ensure due diligence in the review of the merger of the three legacy agencies and to support the establishment of a new Board of Health upon merger approval.
- The new Board of Health for South East Health Unit met January 1, 2025 and has had monthly meetings on the fourth Wednesday of each month.
- The new Board of Health has created two sub-committees of the board, a governance and finance committee, to allow for better management of the board's workload and to ensure efficient use of the members' skills and experience.
- The new Board of Health has created three Board By-laws, including Conduct of Affairs, Banking and Finance, and Management of Property.

Human Resources (wage harmonization and staff stabilization) - \$607,704

- Hired consultant; conducted job evaluation, market survey with comparator organizations; and began started work on developing a compensation structure with salary grid and an implementation plan for the compensation harmonization of non-union employees.
- South East Health Unit responded to the CUPE Union's filing under Public Sector Labour Relations Transition Act (PSLRTA).
- To address the surge in workload for HR and IT teams, new merger-funded positions were hired. HR focus will be due diligence, employee communication, cultural integration, and workforce planning, while IT will handle system integration, data migration, and ensure smooth transitions.
- Also identified increased merger workload for other teams in corporate services where new merger-funded positions have been hired to support building/property assessment, integrate different systems, processes, and policies.
- Created a Merger Office consisting of one management representative from each of the legacy agencies, along with hiring a project management consultant to provide central oversight and management of the merger activities.

Change Management – professional services include consultants fees

- Change management training was provided to the executive team, directors and managers.
- Introduced a new South East Health Unit organizational chart for the executive team, directors and management. Deputy MOHs and Directors have been assigned portfolios for programming, corporate services and the Office of the Chief Nursing Office.
- Organizational management structures for decision-making have been created (e.g., Executive Committee, Operations Committee, Management Team).
- Planning began for identifying critical opportunities to harmonize programs such as migrating legacy agencies to same software programs, program assessments to determine a consistent comprehensive approach to future program delivery by the SEHU.

- A working plan is being developed so that there is a consistent approach to program review and harmonization across the SEHU.

Information Technology - \$215,883

- Hired consultant; comprehensive IT assessment and analysis of the current infrastructure, including hardware, software, network, systems and databases, structures, policies, and processes at the three legacy agencies. This included short- and long-term guidance based on best practices to meet IT needs and improve technology, innovation, and security while balancing financial and operating resources over the next five years.
- Updated technical and security infrastructure of each legacy agency to decrease any potential vulnerabilities or risks in preparation for IT integration in 2025.
- Implementation plan created to support adding legacy LGLDHU to Microsoft 365 tenant in Phase 1 of establishing the new SEHU Microsoft 365 tenant.

Professional Services - \$90,143

- Hired corporate legal team; legacy agency contracts were reviewed by legal and categorized into three buckets based on level of risk:
 - Tier 1 – most urgent (financial, insurance, IT service providers; leases); Completed early in December 2024 as they required consent from the agencies to continue the contract with SEHU.
 - Tier 2: Other service provider contracts (facilities; programs, etc.); Completed prior to January 1, 2025.
 - Tier 3: All other contracts, data sharing agreements, affiliation agreements, etc.; Completed after January 1, 2025 as these were courtesy notifications.

The three legacy agencies received a list of their current contracts under the three headings and sent a standardized letter to get consent as needed and to officially inform them of the merger, and notify of the agency's name change.

- Insurance was consolidated where the legacy agencies had the same insurance carrier and tail insurance (also known as extended reporting period) was purchased to protect from potential future claims in the most cost-effective manner. Otherwise, SEHU has continued to work with three insurance brokers for single insurance needs.
- Hired legal and public relations firms to support governance merger-related matters.
- Hired change management training consultant.

Travel and Accommodation - \$114,697

Capital - \$67,243

- Repair of elevator at legacy agency and additional minor capital improvements at select sites within the time constraints.

There was a year one merger surplus of \$382,757 in Capital funds as a result of not applying for a building planning grant (\$300,000) and the inability to consolidate funds to pay elevator repair in full with merger funds. During the writ

	period, Ministry of Health informed SEHU that capital funds given to each individual legacy agency could not be combined and no change requests could be made during this time.
Reviewed By:	

SOUTH EAST HEALTH UNIT
Strengthening Public Health
2024/2025 Year One Merger Budget
For Finance Committee Review April 16, 2025

	Minor Capital	Planning Grant Capital	Merger Activity	Total
REVENUES				
MINISTRY OF HEALTH				
Annual Grants and One-Time Grants	150,000	300,000	10,422,385	10,872,385
TOTAL REVENUES	150,000	300,000	10,422,385	10,872,385
EXPENSES				
1 Building Occupancy			8,772,282	8,772,282
2 Municipal Levy Harmonization			496,847	496,847
3 Salary/Wage Harmonization			27,673	27,673
4 Staff			580,031	580,031
5 Governance			92,065	92,065
6 Information Technology			215,883	215,883
7 Project/Change Management			-	-
8 Communications			32,764	32,764
9 Other - Travel and Accomodations			114,697	114,697
10 Other - Professional Services			90,143	90,143
11 Capital	67,243	-	-	67,243
TOTAL EXPENSES	67,243	-	10,422,385	10,489,628
SURPLUS/(DEFICIT)	82,757	300,000	-	382,757

Explanatory Notes - EXPENSES

1 Building Occupancy

Includes payout of existing mortgages in Smiths Falls, Kingston and Belleville.

2 Municipal Levy Harmonization

Includes support for gradual harmonization process and minimize the financial burden on our local municipalities.

3 Salary/Wage Harmonization

Includes contracting with consultant to begin this work.

4 Staff

Includes backfill replacement of some positions as well as LGL 2024 pressures.

5 Governance

Includes Board expenses related to planning and implementation of merger.

6 Information Technology

Includes reviewing existing systems and obtaining consult to determine direction, as well as updating LGL security.

7 Project/Change Management

Includes training for leadership staff as well as planning first all staff event.

8 Communications

Includes contracting with consultant to work on new branding for SEHU.

9 Other - Travel and Accomodations

Includes purchase of two vehicles to support operations at Smiths Falls and Brockville.

10 Other - Professional Services

Includes consultants and legal guidance with Board related to implementation of merger.

11 Capital

Includes elevator at LGL site, and minor capital improvements at select sites, within time constraints.