

HAMPSHIRE COUNTY COUNCIL

Decision report

Decision Maker:	Executive Member for Health and Public Health
Date of Decision:	17 January 2017
Decision Title:	Revenue Budget Report for Public Health 2017/18
Decision Reference:	8015
Report From:	Interim Director of Public Health and Director of Corporate Resources – Corporate Services

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1. Executive Summary

- 1.1. The purpose of this report is to set out proposals for the 2017/18 budget for the Public Health budget in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in July 2016.
- 1.2. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity, which involves planning ahead of time, making savings in advance of need and using those savings to help fund transformational change to generate the next round of savings, is well documented.
- 1.3. In line with this financial strategy, there were no new savings proposals presented as part of the 2016/17 budget setting process and the budget was balanced through the use of the Grant Equalisation Reserve (GER). Savings targets for 2017/18 were approved as part of the 2015/16 budget setting process and detailed savings proposals were developed through the Transformation to 2017 (Tt2017) Programme and approved by Executive Members, Cabinet and County Council in September and October 2015.
- 1.4. The report also provides an update on the financial position for the current year within the context that Public Health is expected to break even against the Public Health grant which has seen a further 2.3% reduction in 2016/17.

- 1.5. The proposed budget for 2017/18 analysed by service is shown in Appendix 1 and the workforce implications of the budget proposals are set out in Appendix 2.
- 1.6. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2016/17 and detailed service budgets for 2017/18 for Public Health. The report has been prepared in consultation with the Executive Member and will be reviewed by the Health and Adult Social Care Select Committee. It will be reported to the Leader and Cabinet on 3 February 2017 to make final recommendations to County Council on 16 February 2017.

2. Context and Priorities

- 2.1. The current financial strategy that the County Council operates, works on the basis of a two-year cycle of delivering departmental savings to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the Grant Equalisation Reserve (GER) and early achievement of savings proposals retained by Departments to use for cost of change purposes or to offset service pressures.
- 2.2. The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity and providing funding in anticipation of the tougher times to come, placed it in a very strong position to produce a 'steady state' budget for 2016/17, giving itself the time and capacity to develop and implement the Transformation to 2017 (Tt2017) Programme to deliver the next phase of £98m of savings by 2017/18.
- 2.3. The budget setting process for 2017/18 will therefore be different in that the majority of the decisions in respect of major changes to the budget were taken early. However other factors will still affect the budget, such as council tax decisions and pressures as outlined later in this report, but these will not be as significant as the savings programme that has already been put in place.
- 2.4. Last year the Final Local Government Finance Settlement was announced on 8 February 2016, and provided definitive figures for 2016/17 and provisional figures for local authorities for the following three financial years to aid financial planning.
- 2.5. The figures for 2017/18, 2018/19 and 2019/20 set out in the settlement resulted in an increase in the County Council's revenue gap to be bridged in each of these years. In 2017/18 the bottom line impact was that a further £15m was required, on top of the £98m of savings to be delivered from Tt2017 Programme to produce a balanced budget.
- 2.6. The July 2016 Medium Term Financial Strategy (MTFS) updated the overall position in respect of the 2017/18 budget gap and the allocation of transitional funding as a result of the final settlement announcement of £9.4m in 2016/17 and £9.3m in 2017/18 enabled the gap in 2017/18 to be closed; managed through the GER.

- 2.7. This position is underpinned by the delivery of Tt2017 savings and regular updates on the Programme have been provided to Cabinet during 2016. Whilst there are acknowledged timing issues, the current assessment remains that the shortfall can be made up from departmental cost of change reserves on a one-off basis as savings come on line throughout 2017/18, leading to full implementation of the programme by 2018/19.
- 2.8. Other assumptions included in the MTFS that have been built into the 2017/18 budget proposals are:
- A 3.99% council tax increase, 2% for social care costs on top of the referendum limit of 1.99%.
 - No inflation has been allocated to the Public Health cash limit. Instead, any Inflationary pressures, for example, on staffing costs, have had to be accommodated within the available specific grant income.
 - 'Passporting' of any further losses of specific grant to the relevant services.
- 2.9. The Public Health team has been developing its service plans and budgets for 2017/18 and future years in keeping with the 'Shaping Hampshire' priorities and the key issues, challenges and priorities for the Department are set out below.

3. Departmental Challenges and Priorities

- 3.1. The Health and Social Care Act (2012) transferred responsibility for the local leadership of public health from the NHS to upper tier and unitary authorities and conferred on them a new duty to take appropriate steps to improve the health of the people in their area.
- 3.2. A ring-fenced public health grant enables local authorities to discharge this responsibility. As per the Government's spending review in November 2015 it was announced that the current ring-fence will be maintained in 2017/18. Furthermore, as per the November 2015 spending review, there has been, since 2015/16, a reduction in the public health grant allocation for Hampshire County Council of 6.2% in 2015/16 and a further 2.3% in 2016/17. In total this represents a total reduction in grant allocation to date of £4.28m for the County Council.
- 3.3. In February 2016 notional reductions of Public Health grant for the period from 2018/19 to 2020/21 were announced. These percentage reductions, alongside the reductions made to date and the calculated County Council allocations are summarised below:-

	Confirmed		Confirmed	Notional		
	2015/16	2016/17	Dec 2016 2017/18	2018/19	2019/20	2020/21
% Cash reduction	-6.2%	-2.3%	-2.5%	-2.6%	-2.6%	0.0%
£M HCC allocation reduction	-£3.05	-£1.24	-£1.32	-£1.34	-£1.34	£0
£M HCC allocation	£46.16	£53.49*	£52.17	£50.83	£49.49	£49.49

**2016/17 includes an increase to reflect the full year allocation for the transfer of public health services for children aged 0-5 that began in October 2015.*

- 3.4. Within the context of the financial position outlined above the Public Health team continues to develop a programme of work to build upon the efficiencies and savings that have already been achieved in 2015/16 to meet the further grant reductions of £5.24m from 2016/17.
- 3.5. A reduction in the public health grant inevitably presents challenges for Public Health and delivery of the Council's public health responsibilities, however, careful planning, delivery and evaluation of evidence-based interventions will ensure that available public health resources are focused on the key public health priority areas identified in the Public Health Strategy 'Towards a Healthy Hampshire' and set out below.
- 3.6. A key priority is to ensure efficient delivery of the public health mandate to best meet the public health needs of Hampshire's residents and to continue to ensure that these services are providing best value for money. These include the mandated services: the National Child Measurement Programme delivered through the enhanced school nursing service; delivering quality assured NHS health checks with the aim of reducing future ill health, particularly dementia, and the demand for health and social care services; enabling access to comprehensive good value for money sexual health services through recommissioning, and providing public health expertise and leadership to Clinical Commissioning Groups to inform the planning and commissioning of health services.
- 3.7. Responsibility for the commissioning of public health services for children aged 0-5 (the Healthy Child Programme) transferred to the County Council on 1 October 2015. The Healthy Child Programme is an evidence based universal prevention and early intervention public health programme that is offered to all families. These services are supported by a mandate that requires universal delivery of five key child development reviews. It supports parents and promotes child development, leading to improved child health outcomes and reduced inequalities while ensuring that families at risk are identified at the earliest opportunity. There is compelling evidence that what happens at the start of life is vital in laying the foundations for good adult outcomes. Effective use of resources to maximise the universal nature of the service, to get the best possible outcomes in the six high impact areas, focus on prevention, and early

identification of children and families at risk of future health and social problems is a priority for public health.

- 3.8. Focusing on prevention and making a healthy lifestyle 'the norm' for people of all ages is key to keeping people healthy, in employment and independent for longer and to reducing future demand for services. This will be achieved through appropriate nutrition, reducing obesity, promoting physical activity and supporting people to stop smoking and to drink sensibly. It is known that poor lifestyle choices are already having an impact on public services with considerable costs and this is likely to get worse over time due to the increasing age of our population. For children and young people this is delivered as part of the Healthy Child Programme by the Public health school nursing service.
- 3.9. Addressing social isolation and malnutrition, falls and reduced mobility in our vulnerable and older residents remain areas for increased focus.
- 3.10. Domestic abuse is a serious public health problem and through leadership and joint commissioning at a local level we have been able to reshape victim services. This work will continue and we will maintain our focus on reducing violence by continuing our innovative work with perpetrators.
- 3.11. Poor mental health represents a significant burden of disease and increases the risk of developing physical illness. Work will be continued to improve the mental wellbeing of our communities with a focus maintained on preventing suicide. Promoting emotional wellbeing, resilience and good mental health in children is a priority for both our health visiting (through action on maternal mental health and promoting attachment) and school nursing services.
- 3.12. The substance misuse service delivers a robust drug and alcohol treatment system that fully meets the diverse needs of the Hampshire population and empowers and enables people to recover from alcohol and/or drug dependency. Work continues to support responsible drinking and promote safe and healthy places for people to live and work.
- 3.13. The Director of Public health continues to deliver the Health Protection responsibilities through partnership work with Public Health England and NHS England.
- 3.14. Public Health will contribute to the 'Transforming the Council to 2019' Programme and explore how this contribution can be enhanced, for example through working to align public health services for children with children's services, the transformational programme to drive out efficiencies in sexual health and other existing public health services, delivery of the agreed re-procurement schedule to maximise the value and quality of commissioned services and providing public health technical expertise to the development of outcome measures and the evaluation of interventions in the programme.
- 3.15. In October 2016 the Public Health team and Adult Services department were joined to form the new Adults' Health and Care department. Although Public Health is reported in detail within this report the position is

summarised within the Adult Social Care report to provide a departmental wide view for Adults' Health and Care.

4. 2016/17 Budget

- 4.1. The cash limited budget for 2016/17 was set to fully utilise the ring fenced government grant for Public Health, together with planned use of £1.64m of the Public Health Reserve.
- 4.2. Enhanced financial resilience monitoring, which looks not only at the regular financial reporting carried out in previous years but also at potential pressures in the system and the early achievement of savings being delivered through transformation, has continued through monthly reports to Corporate Management Team, (CMT) and periodic reports to Cabinet.
- 4.3. The expected outturn, forecast for 2016/17, is a budget under spend of £1.58m. This under spend has been achieved by planned work to deliver efficiencies and innovation within existing services in advance of future reductions in funding. This work has included holding vacancies in the Public Health team, and making reductions in non contractual spend.
- 4.4. The closing balance of the Public Health Reserve, after budgeted use of £1.64m was anticipated to be £4.40m. In light of the early realisation of savings plans it is now forecast that the balance at year end will be £5.98m.

5. 2017/18 Revenue Budget Pressures and Initiatives

- 5.1. For budget planning purposes, the provisional figure for the ring fenced Government grant for Public health for 2017/18 had been assumed. This has produced a grant figure of £52.17m for Hampshire County Council, which represents a reduction of £1.32m from the grant awarded for 2016/17. This position has since been confirmed by announcements made as part of the Provisional Local Government Settlement. As shown in paragraph 3.3 above, further reductions are anticipated for future years. To meet this challenge, the service has been reviewing and re-procuring existing service and contractual commitments to ensure the best use of resources to optimise outcomes for the residents of Hampshire within a reducing Government grant.
- 5.2. The 2017/18 budget plans to utilise £1.27m of the Public Health Reserve to meet the difference between the grant funding and the planned expenditure for the year. Utilising the Reserve in this way allows the department time to develop and implement sustainable saving proposals to meet the target reductions. The budgeted use of the Public Health Reserve for 2017/18 coupled with the 2016/17 forecast underspend, leaves an anticipated £4.72m within the reserve available from 2018/19. As before this can be utilised to provide short term one-off funding allowing time to further review existing contracts and drive out more sustainable efficiencies.

6. 2017/18 Revenue Savings Proposals

- 6.1. The team has been identifying savings in the light of the reducing government grant. The review and re-procurement of existing service and contractual commitments is an on-going process, and has resulted in savings in contract values for 2017/18 that have been built into the budget position. Contracts have been re-negotiated in respect of smoking cessation, children 0-5, and sexual health. A review has also taken place of the organisational structure of Public Health which has resulted in a reduction in staffing costs. Together total savings of £1.69m have been identified and included within the 2017/18 budget.
- 6.2. Rigorous monitoring of the delivery of the programme will continue during 2017/18, to ensure that Public Health is able to stay within its cash limited budget as set out in this report.
- 6.3. This early action in developing and implementing the savings programme for 2017/18 means that the County Council is in a strong position for setting a balanced budget in 2017/18. In addition, plans to deliver further savings during 2017/18 and beyond will continue to be developed by Public Health to reduce the short term reliance on the Public Health Reserve and to maintain the pace of savings required for future years.

7. Budget Summary 2017/18

- 7.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The cash limit for Health and Public Health in that report was £53.44m which was a £1.69m decrease on the previous year.
- 7.2. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by the Department for 2017/18 and shows that these are within the cash limit set out above.

8. Workforce implications

- 8.1. The workforce implications of the proposed budget for 2017/18 are set out in Appendix 2. At the end of 2017/18 the planned workforce for Public Health is 33 full time equivalent (FTE) staff. This compares with the estimate at the end of 2016/17 of 36 FTEs which is a decrease of 3 FTEs as summarised below:

	FTEs
Estimate as at 31 March 2017	36
Changes relating to savings targets	(3)
Transfers and other changes	_____
Estimate as at 31 March 2018	33

The main reason for this workforce change is a decrease of 1fte senior manager, and a re-configuration of practitioner and administrative support.

9. Recommendations

To approve for submission to the Leader and Cabinet:

- 9.1. The revised budget for 2016/17 as set out in Appendix 1.
- 9.2. The summary budget for 2017/18 as set out in Appendix 1.
- 9.3. The workforce implications of the proposed budget for 2017/18 as set out in Appendix 2.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Business plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Business plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Medium Term Financial Strategy Update and Transformation to 2017 Savings Proposals	6920	5 October 2015
Medium Term Financial Strategy to 2020	7482	20 June 2016
Budget setting and provisional cash limits 2017/18	7886	12 December 2016
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>
None		

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The budget setting process for 2017/19 does not contain any new proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2017 Programme were considered in detail as part of the approval process carried out in September and October 2015 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 6 in the October Cabinet report linked below:

http://www.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=6920&tab=2&co=&confidential

2. Impact on Crime and Disorder:

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No impact has been identified.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The County Council in designing and transforming its services will ensure that climate change issues are taken into account.

Budget Summary 2017/18 – Public Health

Service Activity	Original Budget 2016/17 £'000	Revised Budget 2016/17 £'000	Proposed Budget 2017/18 £'000
*Central	2,497	2,644	2,595
Children 5-19	4,036	4,036	4,036
*Children Under 5	17,438	17,438	16,566
Dental	116	180	180
Drugs & Alcohol	9,621	9,460	9,357
*Health Checks	1,477	1,477	1,447
*Health Protection	29	29	29
Information & Intelligence	18	32	32
**Miscellaneous Health Improvement & Wellbeing	5,923	5,923	5,801
Nutrition, Obesity and Physical Activity	1,158	1,177	1,188
*Sexual Health	10,377	10,294	10,100
Tobacco	2,438	2,438	2,109
Transitional Costs	0	110	0
Net Cash Limited Expenditure	55,128	55,238	53,440

*Includes mandated services.

**Specific services include

- Domestic abuse services
- Mental Health promotion
- Some Children's and Youth PH services

Workforce Implications Full Time Equivalent (FTE) – Public Health

Service Activity	Estimate 31/03/2017	Impact of Savings Proposals	Transfers & Other Changes	Estimate 31/03/2018
	FTE	FTE	FTE	FTE
Public Health	36.0	(3.0)	0.0	33.0
Total	36.0	(3.0)	0.0	33.0