

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Health and Public Health
Date:	18 January 2016
Title:	Revenue budget report for Public Health for 2016/17
Reference:	7130
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 Public Health budget for 2016/17 in accordance with the Council's Medium Term Financial Strategy (MTFS) reported to Cabinet in October 2015.
- 1.2. The County Council's early action in tackling its forecast budget deficit over the 2010 Comprehensive Spending Review (CSR) period and providing funding in anticipation of the tougher times to come, placed it in a very strong financial position and has given the time and capacity to develop and implement the next phase of savings of £98m by 2017/18.
- 1.3. In line with the financial strategy that the County Council operates, which works on the basis of a two year cycle of delivering Departmental savings to close the anticipated budget gap, there is no savings target set for 2016/17. For Public Health, the budget for 2016/17 will need to fit within the ring fenced Government grant for 2016/17 together with any planned use of previous years' unspent grant. Any early achievement of savings proposals during 2016/17 as part of the Transformation to 2017 Programme will be retained by departments to use for cost of change purposes.
- 1.4. The report also provides an update on the financial position for the current year. Overall the Department is expected to break even against the Public Health grant that was reduced by 6.2% (£3 million) during 2015/16.
- 1.5. The proposed budget for 2016/17 analysed by service is shown in Appendix 1 and the workforce implications of the budget proposals are set out in paragraph 6.1.
- 1.6. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2015/16 and detailed service budgets for 2016/17 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 5 February 2016 to make final recommendations to County Council on 18 February 2016.

2. Context and Priorities

- 2.1. The current financial strategy which the County Council operates works on the basis of a two year cycle of delivering Departmental savings targets to close the anticipated budget gap. This means that there are no Departmental savings targets built into the 2016/17 budget. Other factors will still affect the budget, such as council tax decisions and inflation and for Public Health, the amount of ring fenced grant for 2016/17 that will be announced in January 2016.
- 2.2. Following the General Election in May 2015, it was announced that Government Departments had been asked to draw up plans to tackle real terms reductions of 25% and 40% over the next four years. However it was always recognised that the distribution of these reductions between Government Departments and consequently different tiers of local government would not be uniform.
- 2.3. The provisional local government finance settlement was announced on 17 December, which provided figures for local authorities for the next four financial years. Unusually, the settlement included a major revision to the methodology for distributing Revenue Support Grant (RSG), which has had a major impact on Shire Counties and Shire Districts. Significant changes to methodology like this are usually consulted on by the Government over the Summer ahead of the settlement announcement, but no such warning was given this year.
- 2.4. The impact of the change in methodology is that the County Council has had a reduction in grant of £48m in 2016/17, which is equivalent to a 37.4% cut compared to an adjusted 2015/16 base level of grant. This is £29m higher than anticipated in the Medium Term Financial Strategy.
- 2.5. Part of the reason for the significant impact on the County Council is that the re-distribution of RSG takes into account the ability to raise revenue through council tax. The Government is assuming that all classes of authority will increase council tax over the next four years by the maximum permissible.
- 2.6. For Hampshire our maximum council tax increase would include the additional flexibility of 2% for social care costs on top of the referendum limit of 1.99%, a total of 3.99% per annum, which is just over £41 for a band D property in 2016/17.
- 2.7. The County Council will respond to the Government's consultation on the provisional local government finance settlement, making it clear that this will have a significant impact on the County Council's ability to meet the predicted budget deficit over the next four years, particularly in the face of rising social care costs in respect of the impact of the National Living Wage on the private social care sector.

- 2.8. Based on the figures we have been given however, the additional reduction of £29m in Government grant announced in December, offset by an assumed increase in council tax of 3.99% and collection fund surpluses still means that there is an anticipated budget gap for 2016/17 of around £55m that needs to be addressed.
- 2.9. The County Council had always planned to meet the deficit in 2016/17 by drawing on the Grant Equalisation Reserve in line with the MTFS and fortunately, sufficient funding already exists within the reserve to meet the predicted gap of £55m outlined above, however the implications on the Medium Term Financial Strategy are significant both in terms of the impact of the Transformation to 2017 Programme and the financial outlook to 2019/20, further details of which will be included in the Budget report to Cabinet in February.
- 2.10. As part of the ongoing transformation programme across the County Council, the Director of Public Health has been developing service plans and budgets for 2016/17 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below.

Departmental Challenges and Priorities

- 2.11. 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.
- 2.12. A ring-fenced public health grant enables local authorities to discharge this responsibility. There has been an overall reduction in the public health grant allocation for Hampshire as a result of the in year reduction of 6.2% in 2015/16 and ongoing reductions announced in the Government's spending review in November 2015.
- 2.13. A reduction in the public health grant inevitably presents challenges for Public Health, 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 that are set out below.
- 2.14. A key priority is to ensure efficient delivery of the public health mandated services to best meet the needs of Hampshire's residents and to ensure that these services are good value for money. These include: delivery of the National Child Measurement Programme through the enhanced school nursing service that went live on August 1 2015; delivering quality assured NHS health checks with the aim of reducing future ill health, particularly dementia, and demand for health and social care services; enabling access to comprehensive good value for money sexual health services, and providing public health expertise and leadership to Clinical Commissioning Groups to inform the planning and commissioning of health services.
- 2.15. Responsibility for the commissioning of public health services for children aged 0-5 (the Healthy Child Programme) transferred to the County Council on October 1 2015 with the novation of the contract for the health visiting service. The services are supported by a mandate that requires universal

delivery of five key child development reviews. The Healthy Child Programme is an evidence based prevention and early intervention public health programme that is offered to all families. 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.

- 2.16. Focusing on prevention and promoting healthy lifestyles particularly for young and school age children (through the school nursing service) and their families and in adults of working age 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, including reducing obesity, promoting physical activity and supporting people to stop smoking. We know 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.
- 2.17. Addressing social isolation and malnutrition, falls and reduced mobility in our vulnerable and older residents are areas for increased focus.
- 2.18. Domestic abuse is a serious public health problem and through joint commissioning at a local level we have been able to start reshaping victim services. This work will continue and there will be an increased focus on reducing violence by taking forward work with perpetrators.
- 2.19. Poor mental health represents a significant burden of disease and increases the risk of developing physical illness. We will continue to work to improve the mental wellbeing of our communities and maintain our focus on preventing suicide. Promoting emotional wellbeing 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.
- 2.20. The re – commissioned substance misuse service will take forward 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 will continue to support responsible drinking and promote safe and healthy places for people to live and work.
- 2.21. Public Health will continue to contribute to the ‘Transforming the Council to 2017 Programme’ and explore how we can enhance our contribution, 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. 2015/16 Budget

- 3.1. The cash limited budget for 2015/16 was set to match the ring fenced Government grant for Public Health including the additional grant for the transfer of responsibility for commissioning services for children aged 0 – 5 from 1 October 2015. However, in July 2015, as part of the wider Government action on deficit reduction, an in year reduction in the Public Health grant was announced. Following consultation, an equal distribution of the budget cut across all authorities was confirmed in November 2015, resulting in a reduction of £3.046 million for Hampshire County Council. The reduced grant for Public Health for 2015/16 is therefore £46.106 million.
- 3.2. The County Council was anticipating some reduction in the Public Health grant in future years. Therefore the in year grant reduction was able to be managed by continuing to drive out efficiencies and innovation within existing services rather than implementing new interventions and by holding vacancies in the public health team, rather than by seeking to negotiate short term variations to contracts. Further financial flexibility is provided by planned use of unspent grant from 2013/14 and 2014/15. In addition, there is the potential of a small amount of additional funding from the Health Premium Incentive Scheme which has a total pot of £5m to be shared between local authorities that achieve the necessary level of improvement to reach the threshold for payment.
- 3.3. The revised budget is shown in Appendix 1 and the forecast net expenditure for the year is expected to be contained within this revised budget.

4. Budget 2016/17

- 4.1. At the time of writing this report, the ring fenced Government grant for Public Health for 2016/17 is expected to be announced in January 2016. For budget planning purposes, the overall percentage reduction announced in the Government's spending review in November 2015, has been used to estimate a grant figure of approximately £53 million for Hampshire County Council.
- 4.2. Appendix 1 sets out a summary of the proposed budgets for the service activities that will be provided by Public Health during 2016/17. As part of this proposed budget, some flexibility has been included within the miscellaneous health improvement and wellbeing and central public health budgets to allow for changes in the final grant announcement. In addition, the 2016/17 budget plans to use £2.128 million of previous years' unspent Public Health grant. This leaves £3.488 million in the Public Health reserve that can be used to provide short term one-off funding allowing time to review existing contracts and drive out efficiencies. The review and re-procurement of existing service and contractual commitments is an on-going process, in order to ensure the best use of resources to optimise outcomes for the residents of Hampshire within a reducing Government grant.

5. Review of charges

The Public Health budget currently includes no income from fees and charges. The NHS Act (2006) generally prevents charging unless exempted through regulations.

6. Workforce implications

- 6.1. The workforce implications of the proposed budget for 2016/17 are set out in the table below. At the end of 2016/17 the planned workforce for Public Health is 36 full time equivalent (FTE) staff. This compares with the estimate at the end of 2015/16 of 33 FTEs which is a net increase of 3 FTEs, principally reflecting the transfer from Adult Services to Public Health of staff working in the drugs and alcohol abuse team (DAAT). The position is summarised below:

	FTEs
FTE staff as at 31 March 2016	33
Transfers of existing staff to Public Health from Adult Services and other minor FTE amendments.	3
FTE staff as at 31 March 2017	36

7. Recommendations

To approve for submission to the Leader and Cabinet:

- 7.1. The revised budget for 2015/16 (as set out in Appendix 1).
- 7.2. The summary budget for 2016/17 (as set out in Appendix 1).
- 7.3. The workforce implications of the proposed budget for 2016/17 (as set out in paragraph 6.1).

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:	No
Corporate Business plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
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.)

<u>Document</u>	<u>Location</u>
Medium Term Financial Strategy Update and Transformation to 2017 Savings Proposals	Cabinet – 5 October 2015
Budget Setting and Provisional Cash Limits 2016/17	Cabinet – 7 December 2015

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 2016/17 does not contain any 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://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocument.s.htm?sta=&pref=Y&item_ID=6920&tab=2&co=&confidential=

In addition, the EIA for each service is reviewed and updated when service specifications are prepared as part of the procurement process

2. Impact on Crime and Disorder:

2.1. By definition, interventions considered to improve and protect the public's health are designed to support the citizen's of Hampshire to live safely and have improved health and health outcomes.

3. Climate Change:

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

N/A

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

N/A

**Public Health
Budget summary 2016/17**

Service Activity	Original Budget 2015/16 £000	Revised Budget 2015/16² £000	Proposed Budget 2016/17³ £000
Central Public Health	2,482	2,732	2,497
Information and intelligence	39	10	18
Nutrition, Obesity and Physical Activity	1,594	1,416	1,158
Drugs and Alcohol	9,475	9,621	9,621
Tobacco	3,149	2,157	2,438
Dental	180	180	116
Children 5 – 19	4,121	3,955	4,036
Healthchecks	1,527	1,583	1,477
Miscellaneous Health Improvement and Wellbeing	6,351	6,342	5,923
Sexual Health	11,329	10,571	10,377
Infection Prevention and control	116	28	29
Children 0 – 5 ¹	8,843	8,829	17,438
Total	49,206	47,424	55,128

¹ The 2015/16 budget for Children 0-5 was for 6 months only from 1 October 2015

² Revised budget for 2015/16 includes £1,264,000 of anticipated drawn-down from 2013/14 & 2014/15 underspend.

³ Proposed budget for 2016/17 includes £2,128,000 of anticipated drawn-down from 2013/14 & 2014/15 underspend.