



Hampshire
County Council

Health and Adult Services Select Committee

18 January 2016

Budget Briefing 2016/17

Presentation outline

Anne Hibbert, Finance Business Partner:

- Provisional grant settlement – key issues
- Impact on the County Council's 2016/17 budget
- Public Health Revenue Budget

Robert Pears, Public Health Consultant:

- Public Health Priorities

Erica Meadus, Finance Business Partner:

- Adult Services Revenue Budget

Graham Allen, Interim Director of Adult Services:

- Departmental Challenges
- Workforce Information
- Adult Services Capital Programme

Scope of Presentation

- Presentation covers key points of the finance settlement as they impact on 2016/17
- Overall position and the technical changes are very complex and have a major impact on next year and medium term position
- Overall budget and final decisions for 2016/17 are still being pulled together for Cabinet
- Main focus of today is to scrutinise the Public Health and Adult Services budgets for 2016/17
- Happy to make a note of any technical questions for which Carolyn Williamson will provide written answers but main opportunity to ask these questions is full Member briefing planned for 28 January

Provisional Settlement – Key Issues

Provisional Local Government Finance Settlement

- The overall reduction in Revenue Support Grant (RSG) across the country for 2016/17 is 24.5%
- The RSG for the County Council will reduce from £129m to £81m in 2016/17 a reduction of £48m (37.4%) compared to a forecast reduction of £19m (15.9%)
- By 2019/20 the County Council will no longer receive any RSG, which worsens the cumulative financial projection by a total of £48m
- The reductions are as a result of a change in the distribution methodology for RSG which impacts heavily on Shire Counties and Shire Districts and favours metropolitan authorities, which geographically moves funding from the south to the north in general terms

Provisional Local Government Finance Settlement

- A consultation on New Homes Bonus has been published setting out proposals to achieve reductions of £800m by 2019/20
- This funding together with £700m of other existing funding will be put into a new £1.5bn Better Care Fund by 2019/20
- Significant changes to Education Services Grant are predicted in the future. There has been a reduction of £1.3m (8.7%) for Hampshire in 2016/17
- The option of a social care precept of 2% on council tax was confirmed in the settlement
- No Council Tax Freeze Grant for 2016/17 was confirmed

RSG and Core Spending Power

- The Government has introduced a new measure called 'Core Spending Power' which assumes that all Authorities increase their council tax every year over the next four years by the maximum permissible
- RSG has been allocated by grouping authorities into different classes and then allocating funding so that each separate class of authority receives the same percentage reduction in Core Spending Power
- However the different classes are not treated equally under this methodology

Revenue Support Grant

Type of Authority	15-16 RSG	16-17 RSG	Change
	£m	£m	%
England	9,509.4	7,183.9	-24.50%
Shire Districts	422.4	265.2	-37.20%
Shire Counties	2,350.7	1,644.9	-30.00%
Unitaries	2,012.2	1,503.1	-25.30%
Outer London	908.3	688.6	-24.20%
Metropolitan Districts	2,442.1	1,925.0	-21.20%
Inner London (inc City)	849.7	686.4	-19.20%
Combined Fire Authorities	215.2	182.7	-15.10%
Metropolitan Fire	133.2	117.9	-11.50%

Better Care Fund

- Total Resources of £1.5bn expected to be put into the system by 2019/20, but nothing significant until 2018/19
- Initial indications are that this will be given direct to local authorities rather than via Health
- Distribution methodology follows new RSG allocations and gives around £19m to Hampshire by 2019/20.
- This compares to £31m that we would have received under old distribution methodology (a loss of £12m recurring funding)

Impact on 2016/17 Budget

Budget Position 2016/17 – No Council Tax Increase

	£'000
Predicted 2016/17 Budget Gap	50,284
Additional Loss in RSG	17,358
Care Act lost Specific Grant	7,635
2015/16 Council Tax Freeze Grant Lost	5,475
Increased Top Up Grant	<u>(547)</u>
Sub-total	29,921
Lost ESG	<u>1,281</u>
Revised Gap	81,486
Net increase in Collection Fund surplus	(6,612)
Estimated Grant Equalisation Reserve	<u>(55,000)</u>
Remaining gap after use of all GER	<u>19,874</u>

Budget Position 2016/17 – With Council Tax Increase

	£'000
Revised Gap	81,486
Council tax from 1.99%	(10,182)
Council tax from social care precept of 2%	(10,200)
Net increase in Collection Fund surplus	<u>(6,612)</u>
Revised Gap to be met from GER	<u>54,492</u>

Leaving £0.5m in GER for future years

Reserves Position

Reserves Strategy

- Total reserves of £462m as at 31 March 2015, a reduction of £20m on previous year, indicating that the tipping point has now been reached and we would expect reserves to now start to reduce to end of decade
- Nearly half of this (£226.5m) committed to existing spend programmes (mainly capital)
- £58m in Departments' cost of change and trading account reserves to be used for investment and future transformation
- £27m set aside to mitigate risks (mainly the insurance reserve as we self insure)
- Over £52m in schools reserves and £20.6m in general reserves (in line with minimum reserves policy)

Reserves Strategy

- Only £76.9m (16.6%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31/03/2014 £'000	Balance 31/03/2015 £'000	% of Total %
<u>'Available' Reserves</u>			
Corporate Policy Reserve	3,676	3,976	0.9%
Invest to Save	10,073	9,461	2.0%
Corporate Efficiency Reserve	8,931	8,981	1.9%
Organisational Change Reserve	7,854	3,593	0.8%
Grant Equalisation Reserve *	50,464	50,881	11.0%
	80,998	76,892	16.6%

* All of the GER will be used to support the revenue budget in 2016/17

Public Health Budget 2015/16 and 2016/17

Public Health revised budget 2015/16

	£'000
2015/16 original grant	40,363
Half year grant for children 0 – 5	8,843
Less 2015/16 in year reduction	- 3,046
Planned use of unspent grant from previous years	1,264
Total revised budget 2015/16	47,424

Public Health budget 2016/17

- The ring-fenced grant for 2016/17 is yet to be announced
- The proposed budget for 2016/17 is based on:

	£'000
2015/16 original grant	40,363
Full year grant for children 0 – 5	17,686
Less 2015/16 in year reduction	- 3,046
less anticipated reduction for 2016/17	- 2,003
Planned use of unspent grant from previous years	2,128
Proposed budget 2016/17	55,128

Public Health Proposed Budget 2016/17

	£'000
Central Public Health	2,497
Information and Intelligence	18
Nutrition, Obesity and Physical Activity	1,158
Drugs and Alcohol	9,621
Tobacco	2,438
Dental	116
Children 5-19	4,036
Healthchecks	1,477
Miscellaneous Health Improvement and Wellbeing	5,923
Sexual Health	10,377
Infection Prevention and Control	29
Children 0 - 5	17,438
Total proposed Public Health budget	55,128

Workforce Implications

	(FTE) staff numbers
Full Time Equivalent (FTE) staff as at 31 March 2016	33
Transfer of existing staff to Public Health from Adult Services	3
Estimated FTE staff as at 31 March 2017	<hr/> 36 <hr/>

Public Health priorities and challenges

Robert Pears
Public Health Consultant

Key Public Health priorities and challenges 1

- Ensuring the effective use of available and reducing resources to support priorities for Hampshire, including provision/commissioning of high quality mandated services (e.g National Child measurement programme, NHS Health Checks and Sexual Health Services) and providing other evidence based interventions
- Delivery of the Healthy Child Programme (0-19) through the universal health visiting service and the newly commissioned enhanced public health school nursing service.
- Focusing on prevention and promoting healthy lifestyles, particularly for young and school age children and their families and for working age adults to reduce future demand on Council services and health services

Key Public Health priorities and challenges 2

- Capacity, capability and succession planning key to ensure the effective delivery of statutory professional services; namely specialist public health advice to Clinical Commissioning Groups and specialist health protection advice, as well public health advice and leadership to the council and the implications of devolution proposals
- Specific interventions and initiatives include:
 - addressing social isolation, malnutrition, falls and reduced mobility in vulnerable and older residents
 - continuing work to address domestic violence with an increased focus on work with perpetrators
 - Promotion of good mental health and work on suicide prevention
 - Delivering a robust substance misuse service and promoting and supporting responsible drinking

Adult Services Proposed Budget

Erica Meadus
Finance Business Partner

Adult Services Proposed Budget

Revenue budget:	£'000
Revised budget for 2015/16	309,923
Proposed budget for 2016/17	324,989
Early savings delivery estimated in 2016/17	30,000
Capital programme:	
Original programme for 2015/16 (unchanged)	14,481
Proposed programme for 2016/17	481

Proposed Budget 2016/17

£'000

Gross Expenditure	439,421
Income other than from Government grants	95,305
Income from Government Grants	205
Total Net Expenditure	<hr/> 343,911 <hr/>

Adult Services key issues and challenges

Graham Allen
Interim Director of Adult Services

Key Departmental Issues / Challenges

- Demand and complexity
- Supply
- Hospital discharge
- Transforming to 2017

Workforce Implications

	(FTE) staff numbers
Original FTE staff as at 31 March 2016	2,795
Changes relating to early EVR	(155)
Transfers and other changes	77
Revised FTE staff as at 31 March 2016	2,717
Changes relating to EVR	(6)
Estimated FTE staff as at 31 March 2017	<hr/> 2,711 <hr/>

Adult Services Capital Programme 2016/17

- Operational building, including residential and nursing care improvements
- Extra care programme
 - Older People
 - Adults with Disabilities