



HEALTH OVERVIEW AND SCRUTINY COMMITTEE

20 JANUARY 2016

JOINT REPORT OF THE DIRECTOR OF PUBLIC HEALTH AND THE DIRECTOR OF CORPORATE RESOURCES

MEDIUM TERM FINANCIAL STRATEGY 2016/17 – 2019/20 PUBLIC HEALTH DEPARTMENT

Purpose

1. The purpose of this report is to:
 - a) provide information on the proposed 2016/17 to 2019/20 Medium Term Financial Strategy (MTFS) as it relates to the Public Health Department; and
 - b) ask the Committee to consider any issues as part of the consultation process and any response it may wish to make.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2015. This has been the subject of a comprehensive review and revision following announcements made in the Spending Review/Autumn Statement 2015 and the provisional Local Government Settlement. The draft MTFS for 2016/17 – 2019/20 was considered by the Cabinet on 12 January 2016.

Background

3. Reports such as this are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 27 January 2016. The Cabinet will consider the results of the scrutiny process on 5 February 2016 before recommending an MTFS including a budget and capital programme for 2016/17 to the County Council on the 17 February 2016.

Financial Strategy

4. The MTFS is set out in the report to Cabinet on 12 January 2016, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Public Health Department.

Service Transformation

5. Public Health will continue to structure its services in line with the Target Operating Model (TOM) for the County Council. The TOM for early help and prevention services is currently under review but is expected to provide:
 - A broad early help and prevention strategy setting out key priorities across the authority;
 - A focus on early help and prevention to reduce demand for services;
 - A focus on using scarce resources on services that make the biggest impact;
 - A focus on the customer/service user;
 - Integration that reflects both an emphasis on the services provided by the County Council, rather than by each department, and the integration and co-ordination of services across partner organisations;
 - More community involvement in the delivery of appropriate services;
 - A streamlined, concentrated and coordinated support service function.
6. For Public Health services, this will enable alignment, and avoid duplication, with preventative services commissioned in other departments. Additionally it will enable the County Council to develop a single approach to harnessing the role of communities in preventing ill health and in making sure individuals are given the information they need to self-care successfully.
7. From 1 October 2015 the commissioning responsibility for 0-5 Children's Public Health Services transferred to the County Council. Funding for 2015/16 was £3.2 million; this funding was in line with expected spend. In 2016/17 the full year effect of funding will be rolled up in the overall allocation of the Public Health grant. Work has begun on redesigning a 0-19 Children's Public Health Services Offer that incorporates both the 0-5 Health Visitor's service and the 5-19 Children's Services Offer which includes the school nursing contract.

Public Health Grant

8. The Department of Health (DoH) allocates public health ring fenced grants so that local authorities can discharge their public health responsibilities, namely:
 - i. improve significantly the health and wellbeing of the local population
 - ii. carry out health protection and health improvement functions delegated from the Secretary of State
 - iii. reduce health inequalities across the life course, including within hard to reach groups
 - iv. ensure the provision of population healthcare advice.

The expectation is that funds will be utilised in-year but if at the end of the financial year there is any underspend, this can be carried over into the next financial year as part of a ring fenced public health earmarked fund.

9. In drawing up their priorities, local authorities, as members of Health and Wellbeing Boards will have a duty to work with Clinical Commissioning Groups (CCGs) and other partners to undertake an assessment of the current and future health and social care needs of the local community. The resulting strategies, to meet the community's needs, will influence how the grant is spent.

10. The level of grant awarded is made through a formula based upon populations in the area weighted according to relative need. To smooth the transition to the formula from historical spend in 2013/14 and 2014/15 financial years, all authorities received some increase but the amount varied depending upon the distance from the DoH target funding allocation. As Leicestershire was historically poorly funded it gained from this move towards target funding.
11. For 2015/16 the DoH halted the move towards the target formula and restricted funding to 2014/15 cash levels. The Chancellor of the Exchequer, in the Summer budget, announced a £200m (6.2%) in-year cut in national funding available for non-NHS Public Health Services. This resulted in a £1.6m cut to Leicestershire's 2015/16 grant.
12. In the Autumn Statement the Chancellor announced a 3.9% reduction over a 5 year period in Public Health allocations to local authorities. The Chief Executive of Public Health England has clarified that this translates to reductions in national funding levels of 2.2% in 16/17, 2.5% in 17/18, and 2.6% in both 18/19 and 19/20. It is expected that the 2015/16 in-year cut described in paragraph 11 will be ongoing. In addition the Chancellor announced that the ring-fence on the grant would continue for 2016/17 and 2017/18; future public health funding arrangements could be part of 100% business rates retention but this will be subject to a consultation process.
13. In 2015/16 the DoH commissioned the Advisory Council of Resource Allocation (ACRA) to review the existing Public Health grant formula. Following a consultation process ACRA recommended a number of changes to the existing formula. A full move towards the new formula, before future cuts are taken into account, would see Leicestershire gain an estimated £4m over current funding. However, the Chief Executive of Public Health England has called for stability while the ring fence is in place during 2016/17 and 2017/18. It is therefore expected that no further move towards target funding will be made and Leicestershire will receive funding in line with current levels less future year cuts. Funding beyond 2017/18 will be dependent on the outcome of the consultation process referred to in paragraph 12.

Proposed Revenue Budget

14. The Public Health Department will be funded from the ring fenced Department of Health grant for 2016/17. The grant allocation has yet to be confirmed; it is estimated based on the 2015/16 grant with a full year amount for the Heath Visitor transfer less a percentage equivalent to national reductions described in paragraphs 11 and 12.
15. The table below summarises the proposed 2016/17 revenue budget. The proposed 2016/17 revenue budget is shown in detail in Appendix A.

	2016/17 £000
Original Budget	23,380
Budget Adjustments – full year effect Health Visitor transfer from NHS England	3,200
Budget transfers	50
Department Spend (before savings)	26,630
<i>Less proposed savings</i>	-3,050
Total Department Spend	23,580
Contribution to other County Council preventative services	2,550
Total Spend	26,130
<i>Funded by:</i>	
Estimated Public Health Grant	26,130

16. The Public Health grant for the County Council is expected to be reduced to £26.1m, this funding will be used to fund directly £23.6m of Public Health services expenditure. The remaining £2.5m will be used to fund other preventative services elsewhere in the authority.
17. Detailed budgets for 2016/17 have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.
18. The central contingency also includes provision for an increase in the employers' contribution to the Local Government Pension Scheme in 2016/17 and the following three years based upon the triennial actuarial revaluation of the pension fund.

2017/18 Onwards

19. From 2017/18 there is less certainty around level of funding and funding mechanism. The Public Health savings shown in the table above rise from £3.1m to £3.6m from 2017/18. However, the expected reduction in grant over the next four years coupled with existing savings targets mean that further savings will be required. The scale of the savings will be confirmed once the grant allocation is received at the end of January 2016 and based on current information further savings of £4m to £5m could be required in addition to the £3.6m.

20. To identify these savings an urgent review of early help/prevention is to be undertaken covering services funded by the Public Health grant and early help/prevention services across the authority. This will be completed by Spring 2016 and the resultant model will focus scarce resources on services that have the biggest impact.

Savings

21. Savings have been categorised in the appendices under the following classification;

- * item unchanged from previous MTFS
- ** item included in the previous MTFS, but amendments have been made
- No stars - new item

22. This star rating is included in the descriptions set out for savings below.

23. Details of proposed savings are set out in Appendix B and total £3.6m. These are detailed in the following paragraphs.

Departmental Savings

24. PH1 Review of contracts related to sexual health services; £145,000 in 2016/17 rising to £340,000 in 2017/18

The draft Sexual Health strategy and sexual health needs assessment sets out the future direction of sexual health services across Leicestershire and is subject to a separate scrutiny report. The eight priorities for improving sexual health services will lead to:

- better working across commissioners such as the County Council, NHS Clinical Commissioning Groups and NHS England to avoid fragmentation in sexual health commissioning;
- an increased role of primary care in delivering uncomplicated sexual health services;
- a more focussed approach to teenage pregnancy;
- a reduction in opportunistic chlamydia screening and conversion into a full online Sexually Transmitted Infections screening service;
- increased focus on groups at high risk of poor sexual health, especially men who have sex with men.

Implementing the above changes will require negotiation with the existing Integrated Sexual Health Service. The new approaches to chlamydia screening and STI screening would save in the region of £250,000. The ending of specific contracts for screening aimed at sex workers and reductions in demand led prescribing costs will also contribute approximately £50,000.

25. PH2 Reduction in Health Checks; £150,000 in 2016/17

The Health Check programme for men and women aged 40-74 is currently delivered by General Practitioners' (GPs) across Leicestershire. The existing fee structure was set in line with average national trends in 2013/14. An analysis of existing fee arrangements with GPs across the country suggests these averages have since fallen placing

Leicestershire at the higher end of the fees range. Review and renegotiation back towards the average is expected to realise a £150,000 saving but comes with the risk that GPs opt to not provide the service and alternative methods of providing the service are required.

26. PH3 Review of obesity services and contracts; £75,000 in 2016/17

The Public Health Department will continue to prioritise obesity services and contracts including continued support for the Food for Life Partnership programme of healthy eating in schools. The saving will be achieved through the redesign and renegotiation of commissioned diet and food programmes (£40,000) and renegotiation of the contract using commercial weight management providers (£35,000). Reductions in programmes supporting targeted adults and children to achieve healthy eating and weight loss where Leicestershire has less identified need than nationally. The saving will be achieved through the discontinuation of diet and food programmes (£40,000) and reductions to weight management schemes (£35,000).

27. PH4 Review of physical activity services and contracts; £465,000 in 2016/17

Reductions will be made in funding provided to other local authorities to support physical activity in Leicestershire (£400,000) as well not recommissioning stand-alone physical activity programmes for younger people (£65,000). School based sport and physical activity networks, the exercise on referral scheme and support for Leicestershire and Rutland Sport will continue to remain a priority.

28. PH5 Substance Misuse contract savings; £625,000 in 2016/17

The new integrated substance misuse service, combining criminal justice and non-criminal justice based treatment services across Leicestershire and Leicester City is currently out to tender. This re-design brings together what was previously a disparate range of services into one coordinated service. In doing so the Public Health Department has been able to reduce the funding needed for the substance misuse service by £600,000. The new service will be in place for 1st July 2016/17. There will also be a reduction in inpatient detox services funding to reflect actual levels of activity.

29. PH6 Review of smoking & tobacco services and contracts; £720,000 in 2016/17 rising to £1,030,000 in 2017/18

The Public Health grant currently funds a range of 'tobacco control' work and the smoking cessation service. The intention is to continue to prioritise the broader tobacco control measures such as support for stopping the trade in illicit tobacco and the healthy schools programme to ensure the next generation don't start smoking. Evidence would suggest that tobacco control is the most cost-effective long term measure.

The intention is to redesign the current stop smoking service. This reflects a change in usage (i.e. increased numbers of people self-supporting through the use of e-cigarettes), the use of technology in service design and a focus on those parts of the population that find it harder to quit. This will entail the decommissioning of the current universal Stop Smoking Service (£828,000) and associated Nicotine Replacement Therapy (NRT) prescribing (£392,000). In its place a more targeted cessation service is proposed supported by an element of NRT prescribing, potentially using approaches such as 'quitline' and other electronic media to provide cessation support as a universal 'offer'. This will be alongside a closer working relationship with GP's and pharmacists to

deliver an evidence based service and retaining specialist support for vulnerable groups.

30. PH7 Departmental savings and funding reviews £495,000 in 2016/17

This will be achieved through a review of the operating model to reduce costs (£320,000) and cessation of the Innovation Fund (£150,000), this has been used to learn new ways to help the community to self-support.

31. PH8 Other Public Health Services; £375,000 in 2016/17 rising to £400,000 in 2017/18

This will be achieved through the cessation of funding of the district community grant scheme (£81,000) and the Fit for Work Local Healthy workplaces scheme (£56,000). Other reductions to funding are for mental health, teenage pregnancy, (which will be delivered through the healthy schools programme and sexual health services) and Traveller family services. There is also some income generation (£140,000).

Corporate Savings

32. It is proposed to undertake some corporate transformational reviews to address the £19m gap in the MTFs. Once business cases have been developed savings will be confirmed and included in the MTFs. The reviews that will involve Public Health are;
- Early Help and Prevention Review (see paragraph 20).
 - Review of the approach to providing services for people with disabilities to develop a whole life approach.
 - Digital Council/Business Support.

Other Specific Grants and External Contributions

33. In addition to Public Health grant, the Department also receives external funding as the hosts of the Leicester-Shire and Rutland Sport Partnership. The main, external contributor is Sport England which provides funding to get more people playing and enjoying sport, to help those with talent get to the very top and more widely to promote the benefits of physical activity across all age ranges.
34. The table shows the specific grants and expected contributions to be received in 2016/17.

	2016/17 £000
Leicester, Leicestershire & Rutland local authorities (excluding LCC)	155
Sport England	709
TOTAL Leicester-Shire and Rutland Sport	864

Capital Programme

35. The draft Capital Programme is summarised in the following table and the detailed programme is set out in Appendix C. The programme is funded from a specific grant from an external organisation.

Project	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Warm and Healthy Homes – Minor works (Heating/Insulation)	300	0	0	0	300
Total	300	0	0	0	300

36. Warm and Healthy Homes – This scheme targets vulnerable service users at risk of escalating their health and/or social care need because they live in fuel poverty. The scheme will provide these targeted service users with energy efficient equipment and insulation. The scheme will be 100% funded through external grant income from National Energy Action, a UK charity.

Recommendation

37. The Committee is asked to consider the report and any response they may wish to make.

Equality and Human Rights Implications

38. Public authorities are required by law to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and
 - Foster good relations between people who share protected characteristics and those who do not.
39. Many aspects of the County Council's MTFs may impact upon service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes. Those assessments will be revised as the proposals are developed.
40. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality and Human Rights Impact Assessment to be undertaken as part of the Action Plan.

Background Papers

Cabinet 12 January 2016 – Provisional Medium Term Financial Strategy 2016/17 to 2019/20
<http://ow.ly/MWEaf>

Circulation under local issues alert procedure

None.

Appendices

Appendix A – Revenue Budget 2016/17

Appendix B – Growth & Savings 2016/17 – 2019/20

Appendix C - Capital Programme 2016/17 – 2019/20

Officers to Contact

Mike Sandys, Director of Public Health, Public Health Department

Tel: 0116 305 4239

E-mail: mike.sandys@leics.gov.uk

Chris Tambini, Director of Finance, Corporate Resources Department

Tel: 0116 305 6199

E-mail: chris.tambini@leics.gov.uk

Phil D'Mello, Assistant Business Partner (Strategic Finance), Corporate Resources Department

Tel: 0116 305 8229

E-mail: philip.d'mello@leics.gov.uk

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PUBLIC HEALTH DEPARTMENT**REVENUE BUDGET 2016/17**

Net Budget 2015/16 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2016/17 £
PUBLIC HEALTH							
2,287,049	Public Health Leadership	1,457,936	539,107	0	1,997,043	-296,100	1,700,943
4,479,816	Sexual Health	0	4,315,118	0	4,315,118	0	4,315,118
93,368	Teenage Pregnancy	0	71,412	0	71,412	0	71,412
750,000	NHS Health Check programme	0	600,000	0	600,000	0	600,000
190,000	Health Protection	0	190,000	0	190,000	0	190,000
736,000	Obesity Programmes	0	661,600	0	661,600	0	661,600
951,792	Physical Activity	0	1,154,757	0	1,154,757	0	1,154,757
4,771,701	Substance Misuse	0	4,138,829	0	4,138,829	0	4,138,829
1,754,300	Smoking & Tobacco	0	884,500	0	884,500	0	884,500
2,858,000	Childrens Public Health 5-19	0	2,860,000	0	2,860,000	0	2,860,000
3,202,000	0-5 Health Visitor Service	0	6,376,000	0	6,376,000	0	6,376,000
0	Public Health Advice	744,496	15,500	-30,000	729,996	-583,200	146,796
689,964	Public Health Other Commissioned Activity	0	487,400	0	487,400	-3,400	484,000
667,965	Leicester-Shire and Rutland Sport	896,108	1,688,380	-1,445,176	1,139,312	-1,139,312	0
23,431,955	TOTAL PUBLIC HEALTH	3,098,540	23,982,603	-1,475,176	25,605,967	-2,022,012	23,583,955
1,700,000	Contribution to Other County Council Preventative Spend	0	2,550,000	0	2,550,000	0	2,550,000
25,131,955	TOTAL SPEND	3,098,540	26,532,603	-1,475,176	28,155,967	-2,022,012	26,133,955
Funded by							
-25,131,955	Public Health Ring-Fenced Grant	0	0	0	0	-26,133,955	-26,133,955

SAVINGS

Reference	Eff/SR/ Income		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<u>PUBLIC HEALTH</u>						
<u>Departmental</u>						
PH1	SR	Review of contracts relating to sexual health services	-145	-340	-340	-340
PH2	SR	Reduction in Health Checks	-150	-150	-150	-150
PH3	SR	Review of obesity services and contracts	-75	-75	-75	-75
PH4	SR	Review of physical activity services and contracts	-465	-465	-465	-465
PH5	SR	Substance Misuse contract savings	-625	-625	-625	-625
PH6	SR	Review of smoking & tobacco services and contracts	-720	-1,030	-1,030	-1,030
PH7	Eff	Departmental savings and funding reviews	-495	-495	-495	-495
PH8	SR	Other Public Health services	-375	-400	-400	-400
TOTAL			-3,050	-3,580	-3,580	-3,580

References used in the following tables

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

Eff - Efficiency saving

SR - Service reduction

Inc - Income

CAPITAL PROGRAMME 2016/17 - 2019/20

PUBLIC HEALTH DEPARTMENT

Estimated Completion Date	Gross Cost of Project £000		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Mar-17	325	Warm & Healthy Homes - Minor works (Heating/Insulation)	300				300
		Total Public Health	300	0	0	0	300

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