



HEALTH OVERVIEW AND SCRUTINY COMMITTEE: 21 JANUARY 2015

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

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19

Purpose

1. The purpose of this report is to:
 - a) provide information on the proposed 2015/16 to 2018/19 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 2014. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2015/16 – 2018/19 was considered by the Cabinet on 11 December 2014.

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 28 January. The Cabinet will consider the results of the scrutiny process before recommending an MTFS including a budget and capital programme for 2015/16 to the County Council on the 18 February 2015.

Financial Strategy

4. The MTFS is set out in the report to Cabinet on 11 December, 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 for the County Council. This envisages:-
 - A focus on prevention and early intervention to reduce demand for services
 - 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. Public Health will continue to work closely with colleagues across the County Council in identifying joint areas of work that will improve the health of the population while avoiding duplication across departments. In doing so, the Department will create the 'headroom' within the Public Health Grant that will enable it to further consolidate public health and prevention within the County Council. This will allow a contribution to be made to the County Council's savings challenge whilst minimising the impact on existing public health services.
 8. From 1 October 2015 the commissioning responsibility for 0-5 Children's Public Health Services will transfer to the County Council. Indicative part year funding for 2015/16 has been announced at £3.2 million; this funding is in line with expected spend. In 2016/17 funding will move towards a needs based solution; at this time it is not possible to say what funding will be but the formula will aim to address health inequalities across the country and therefore may have an impact on Leicestershire's funding. Along with existing commissioning responsibilities for 5-19 Public Health Services and other 0-19 preventative spend in the authority this will provide an opportunity to develop a comprehensive 0-19 Public Health Service for families in Leicestershire.

Proposed Revenue Budget

9. The Public Health Department is expected to be funded from the ring fenced Department of Health grant for 2015/16. The grant has been cash limited at 2014/15 levels with additional funding for increased commissioning responsibility.
10. The table below summarises the proposed 2015/16 net revenue budget and provisional budgets for the next three years. The proposed 2015/16 revenue budget is shown in detail in Appendix A.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Updated original budget	0	-1,750	-2,500	-3,250
Other changes;				
Budget Transfers and Adjustments				
Sub Total	0	-1,750	- 2,500	-3,250
Add proposed growth (Appendix B)				
Less proposed savings (Appendix B)	-1,750	-750	-750	-1,750
Proposed/Provisional budget (Appendix A)	-1,750	- 2,500	-3,250	-5,000

11. Detailed budgets for 2015/16 have been compiled on the basis of no pay or price inflation, these costs will need to be accommodated within the ring fenced grant.
12. The proposed net budget for 2015/16 is set out below:

	£000
Employees	2,801
Running Costs	23,026
Gross Costs	25,827
Income	-27,577
Net Budget	-1,750

13. The net budget of -£1.75 million represents the 'headroom' that Public Health will create within the ring fenced grant as part of their MTFS savings target. Other County Council preventative services of £1.75 million which currently reside in other department budgets will transfer along with the budget into Public Health and will then be absorbed into 'headroom' created in the grant. The process for identifying these services has now commenced.
14. 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
15. This star rating is included in the descriptions set out for savings below.

Savings

16. Details of proposed savings are set out in Appendix B and total £5.0m. These are detailed in the following paragraphs.

Efficiency Savings

17. **T9, T10 & T18 Preventative expenditure to be identified and absorbed into the ring fenced budget; £1,750,000 in 2015/16, rising to £2,500,000 in 2016/17, to £3,250,000 in 2017/18 and to £5,000,000 in 2018/19.
Additional capacity will be created in the Public Health budget over the next four years, as a result of procurements planned, transformation projects, more effective commissioning of inherited services and a strong commercial outlook.

It is proposed to use this additional capacity to fund selected preventative services that other service departments plan to provide in the MTFS. However these will need to have clear Public Health outcomes, and are still being considered. Public Health will work with other departments to ensure that a prioritisation process for authority preventative services produces the best outcomes for service users and minimises the impact on them.

Specific Grants and Contributions

18. The Department of Health 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 public health earmarked fund.

19. 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.
20. The level of grant awarded is based upon populations in the area weighted according to relative need. To smooth the transition to the new formula from historical spend, in previous financial years, all authorities received some increase, but the amount varies depending upon the distance from the Department of Health's target funding allocation, per head of population. If these transitional arrangements had not been put in place and if the 2015/16 grant had not been cash limited to 2014/15 levels, Leicestershire's Public Health Grant would be £1.3 million higher. The 2015/16 allocation is expected to be £25.1 million.
21. The provisional allocation for 0 to 5 Public Health Commissioning for 2015/16 has been announced at £3.2 million for Leicestershire; the final allocation is expected to be confirmed shortly after January 2015. This sum represents a half year figure as the transfer will take place from 1 October 2015. This amount reflects the estimated cost of provision and therefore there should not be a shortfall in 2015/16. From 2016/17, the Department of Health expect to move towards a 'needs based solution' and until this is finalised there is a risk around the level of funding available in the long term.
22. The Public Health 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.
23. The table shows the specific grants and expected contributions to be received in 2015/16.

	2015/16 £000
15/16 Grant – cash limited at 14/15 levels	21,863
Additional funding for oral health commissioning	67
0-5 Public Health Service provisional (six months allocation)	3,202
Total Public Health Grant (Department of Health)	25,132
Leicestershire & Rutland local authorities (excluding LCC)	183
Sport England	964
Total Sports Partnership	1,147
TOTAL	26,279

Recommendation

24. The Committee are asked to consider the report and any response they may wish to make.

Equality and Human Rights Implications

25. 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.
26. 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.
27. 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 Impact Assessment to be undertaken as part of the Action Plan.

Background Papers

Cabinet 11 December 2014 - Medium Term Financial Strategy 2015/16 to 2018/19

Circulation under local issues alert procedure

None.

Appendices

Appendix A – Revenue Budget 2015/16
Appendix B – Savings 2014/15 – 2018/19

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