



HEALTH OVERVIEW AND SCRUTINY COMMITTEE
23 JANUARY 2017

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

MEDIUM TERM FINANCIAL STRATEGY 2017/18–2020/21

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it relates to the Public Health Department;
 - b) Ask members of the Committee to consider any issues as part of the consultation process, and make any recommendations to the Scrutiny Commission and the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2016. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2017/18–2020/21 was considered by the Cabinet on 13 December 2016.

Background

3. The MTFS is set out in the report to Cabinet on 13 December 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.
4. Reports such as this one are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 25 January 2017. The Cabinet will consider the results of the scrutiny process on 10 February 2017 before recommending a MTFS, including a budget and capital programme for 2017/18 to the County Council on the 22 February 2017.

Service Transformation

5. In the Autumn Statement 2015 the Chancellor announced a 3.9% annual reduction over a 5 year period in Public Health allocations to local authorities. The remaining reductions will be 2.5% in 17/18, and 2.6% in both 18/19 and 19/20. The ring-fence on the grant will continue for 2017/18; future public health funding arrangements could be part of business rates retention scheme but this will be subject to a consultation process.

6. In June 2016 a paper to the Cabinet proposed an Early Help and Prevention (EHAP) Strategy. This would encompass a vision that a comprehensive offer for community based prevention for Leicestershire funded by bringing all the resources together available to local Councils and partners.
7. Public Health will structure its services in line with the Target Operating Model (TOM) aimed at delivering the EHAP Strategy for Leicestershire. The TOM for EHAP services provides:
- A broad EHAP strategy setting out key priorities across the authority and Leicestershire
 - A focus on EHAP 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
8. 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.

Proposed Revenue Budget

9. The table below summarises the proposed net 2017/18 revenue budget and provisional budgets for the next three years. The proposed 2017/18 revenue budget is shown in detail in Appendix A. Note that this position is net of public health specific grant giving the negative/low numbers.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Original prior year budget	-2,450	-324	-124	46
Budget Transfers and Adjustments	2,256	0	0	0
Sub total	-194	-324	-124	-46
Add proposed growth (Appendix B)	700	700	670	20
Less proposed savings (Appendix B)	-830	-500	-500	-500
Proposed/Provisional net budget	-324	-124	46	-434

10. Detailed service budgets 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.
11. The central contingency also includes provision for an annual 1% increase in the employers' contribution to the Local Government Pension Scheme based upon the 2016 triennial actuarial revaluation of the pension fund.

12. The total gross proposed budget for 2017/18 is £26.5m with contributions from grants, health transfers and service user contributions projected of £26.8m. The proposed net budget for 2017/18 totals -£0.3m and is distributed as follows:

Net Budget 2017/18	£000	%
Public Health Leadership	1,688	6.7%
Sexual Health	4,301	17.0%
NHS Health Check Programme	600	2.4%
Health Protection	180	1.0%
Obesity Programme	656	2.6%
Physical Activity (including contribution to LeicesterShire and Rutland Sport)	1,131	4.5%
Substance Misuse	3,869	15.3%
Smoking and Tobacco	771	3.1%
Children's Public Health 0-19	8,839	35.1%
Public Health Advice	613	2.4%
Public Health Other Commissioned Activity	430	1.7%
Early Help and Prevention Services (transfers from other departments)	2,126	8.4%
Department Total	25,204	
Public Health grant	-25,528	
Total Net Budgeted Spend	-324	

Other Changes and Transfers

13. Budget transfers totalling a net increase of £2.3m related to the Early Help and Prevention review have been made for the 2017/18 financial year and are now adjusted for in the updated original budget. These transfers relate specifically to budgets for early help and prevention, externally commissioned services held currently within Adults and Communities (£1.5m) and Children and Family Services (£0.8m). Whilst the review takes place these budgets will be held within Public Health.
14. Growth and savings have been categorised in appendix B 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 growth and savings below.
16. Savings have also been classified as Transformation or Departmental and highlighted as "Eff" or "SR" dependent on whether the saving is seen as an efficiency or a service reduction or a mixture of both. "Inc" denotes those savings that are funding related or to generate more income.

Growth

17. Growth bids made by the Public Health department are in response to national issues faced by all upper tier local authorities and not internally generated initiatives.
18. Growth over the next four years total £2.1m, including £0.7m in 2017/18. The budget increases are outlined below and summarised in Appendix B.
19. ** G8 Reductions to Public Health specific grant (offsetting savings have been included in this and previous MTFs); £650,000 in 2017/18 rising to £1,960,000 in 2020/21

The reduction in grant is as a direct result of the Chancellor's Autumn Statement 2015 where an annual average 3.9% reduction over a five year period was announced. The Department of Health (DoH) have now confirmed Leicestershire's 2017/18 allocation as £25.5m a reduction of 2.5% on the 2016/17 level.

20. G9 Integrated Sexual Health Service - increased testing expected as result of new Pre Exposure Prophylaxis (PrEP) treatment for HIV risk groups; £50,000 in 2017/18 rising to £130,000 in 2020/21

PrEP is a retro-viral drug; tests have suggested that it is effective at reducing the spread of HIV amongst high risk groups. This growth bid at this time only represents the anticipated cost of the increased testing that local authorities would be responsible for under the Health and Social Care Act 2012 related to an introduction of PrEP. The Court of Appeal upheld the decision of the High Court which ruled that NHS England could fund the drug because it was wrong to classify it as preventative. This removed the risk that local authorities would need to fund the cost of the actual drug which could have been as much as £1m in Leicestershire.

Savings

21. Details of proposed savings are set out in Appendix B and total £0.8m in 2017/18 and £2.3m over the next four years in total.

Transformation Savings

22. ** PH1 Review of smoking & tobacco services and contracts; £480,000 in 2017/18

The new service continues 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 do not start smoking. Evidence suggests that tobacco control is the most cost-effective long term measure.

The stop smoking service has been redesigned to reflect a change in usage (i.e. increased numbers of people self-supporting through the use of e-cigarettes), the use of online technology in service design and a focus on those parts of the population that find it harder to quit. This entailed, during 2016/17, the decommissioning of the universal Stop Smoking Service (£828,000) and associated Nicotine Replacement Therapy (NRT) prescribing (£392,000). In its place an in-house and more targeted cessation service is supported by an element of NRT prescribing, using approaches such as 'quitline' and other electronic media to provide cessation support as a universal 'offer'. This is

alongside a closer working relationship with GP's and pharmacists to delivering an evidence based service and retaining specialist support for vulnerable groups. The £480,000 savings is the last part of a £1,100,000 full year effect saving which was £70,000 above MTFS 2016 target (£1,030,000).

23. PH2 Early Help and Prevention Review - review of externally commissioned prevention services £500,000 in 2018/19 rising to £1,500,000 in 2020/21

The Cabinet approved the Early Help and Prevention (EHAP) Strategy on 17 June 2016.

One of the recommendations proposed that savings were achievable through a close examination of authority wide externally commissioned services. This would be achieved through consistent and tight contract management, reduction in duplication and ensuring authority wide service design and commissioning. The value of the services to be reviewed total £22m, most of which already resides in Public Health, other elements from other departments will be transferred to Public Health to help ensure that they are ring-fenced for this review. Six months into the review, workstreams are on track to deliver the savings identified.

If significant changes to the Strategy and approach for its delivery are proposed, reports will be submitted to the Cabinet and Scrutiny prior to any decision being implemented.

24. PH3 Early Help and Prevention Review - Adults and Communities departmental saving requirement £130,000 in 2017/18

Budgets for two of the contracts, in Adults and Communities, relating to EHAP that transferred to Public Health have existing savings targets associated with them. Mental Health Drop In and Peer Support (£115k) will achieve this saving through a more targeted approach to commissioning. Home Improvement Agency (£15k) will achieve a saving when remaining funding will transfer to Lightbulb whose business model can deliver these services more efficiently.

Departmental

25. * PH4 Review of contracts related to sexual health services; £195,000 in 2017/18

The draft Sexual Health Strategy and sexual health needs assessment sets out the future direction of sexual health services across Leicestershire. The eight priorities for improving sexual health services have led 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.

The newly implemented approaches to chlamydia screening and STI screening will 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. £195,000 represents the final part of the saving which commenced in 2016/17 and totals £340,000.

26. * PH5 Other Public Health Services; £25,000 in 2017/18

This relates to additional savings made during 2016/17 made when the substance misuse contract was re-procured.

EHAP Savings

27. The MTFS 2016/17 to 2019/20 included an indicative target of £5m for a review of EHAP services. The review took place in late spring 2016 and identified £3m of savings across the authority. The table below provides more details of the savings and which County Council department has the responsibility for achieving the saving. As this is a cross departmental review the savings related to other departments have been taken to the appropriate scrutiny and overview committee.

MTFS Reference	Scheme	Saving Requirement £000	Department MTFS saving
PH2	Review of externally commissioned prevention services	1,500	Public Health (included above)
CF4	Review of Children's Centre Programme	1,000	Children's & Family Services
CF5	Re-procurement of Contract for Careers Information, Advice & Guidance	340	Children's & Family Services
AC2	Assisted Living Technology	100	Adults & Communities
CE11	Reduced contribution to community capacity building	100	Chief Executive's
	Total	3,040	

28. Progress has been made towards achieving these savings and this is an on-going process. Full business cases for each work stream are currently being developed; these involve considerable service redesign and contract management changes.

Savings Under Development

29. The MTFS is balanced in 2017/18 and shows shortfalls of £2.8m in 2018/19 rising to £23.9m in 2020/21. To help bridge the gap a number of initiatives are under development to generate further savings. Once business cases have been completed savings will be confirmed and included in a future MTFS. Several initiatives will involve the Public Health department, the principle ones are:

- 1 Promoting Independence in the home for high dependency service users
- 2 Commissioning and Procurement
- 3 Digital Services

Other Funding Sources

30. For 2017/18, the following grants and transfers are expected to be received:

- Leicestershire's Public Health Grant for 2017/18 has been confirmed as £25.5m by the DoH.
- Better Care Fund (BCF) - £0.2m for First Contact Plus. The BCF is currently undergoing a refresh for 2017/18 until this process is complete, this funding is not certain. There is considerable pressure on funding in the BCF.
- Rutland County Council - £0.2m relating to part time provision of a Director of Public Health role and provision of commissioning support role.
- University Hospitals of Leicester - £0.1m for the provision of performance and outcome data

Background Papers

- Cabinet : 13 December 2016 – Medium Term Financial Strategy 2017/18 to 2020/21

Circulation under local issues alert procedure

None.

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Appendices

Appendix A – Revenue Budget 2017/18
Appendix B – Growth & Savings

Equality and Human Rights Implications

31. 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.

32. Many aspects of the County Council's MTFs may affect 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. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those assessments will be revised as the proposals are developed to ensure decision makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.

33. 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.