



**HEALTH OVERVIEW AND SCRUTINY COMMITTEE:**  
**22<sup>ND</sup> JANUARY 2018**

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

**MEDIUM TERM FINANCIAL STRATEGY**

**Purpose of Report**

1. The purpose of this report is to:
  - a) Provide information on the proposed 2018/19 to 2021/22 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 2017. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2018/19–2021/22 was considered by the Cabinet on 12 December 2017.

**Background**

3. The MTFS is set out in the report to Cabinet on 12 December 2017, 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 24 January 2018. The Cabinet will consider the results of the scrutiny process on 9 February 2018 before recommending a MTFS, including a budget and capital programme for 2018/19 to the County Council on the 21 February 2018.

**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 ring-fence on the grant will continue until March 2020. The allocation for 2018/19 has recently been confirmed as £24.872m along with an indicative allocation of £24.215m for

2019/20. These allocations are consistent with the previously announced percentage year on year reductions.

6. It is expected that from 2020/21 the grant will be replaced with retained business rates, however this is dependent on the new assurance arrangements being agreed by the Department of Health by Spring 2019.
7. In June 2016 a paper to the Cabinet proposed an Early Help and Prevention (EHAP) Strategy. The vision is to develop a comprehensive offer for community based prevention for Leicestershire, funded by bringing together all the resources available to local Councils and partners.
8. 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.
9. 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**

10. The table below summarises the proposed net 2018/19 revenue budget and provisional budgets for 2019/20 to 2021/22. The proposed 2018/19 revenue budget is shown in detail in Appendix A. Note that this position is net of public health specific grant, resulting in the negative/low numbers.

	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Original prior year budget	-324	-85	85	-420
Budget Transfers and Adjustments	34	0	0	0
<b>Sub total</b>	<b>-290</b>	<b>-85</b>	<b>85</b>	<b>-420</b>
Add proposed growth (Appendix B)	700	670	20	0
Less proposed savings (Appendix B)	-495	-500	-525	0
<b>Proposed/Provisional net budget</b>	<b>-85</b>	<b>85</b>	<b>-420</b>	<b>-420</b>

11. 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.

12. 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.
13. The total gross proposed budget for 2018/19 is £26.2m with contributions from grants, health transfers and service user contributions projected of £26.3m. The proposed net budget for 2018/19 totals -£0.1m and is distributed as follows:

<b>Net Budget 2018/19</b>	£000	%
Public Health Leadership	1,328	5.3
Sexual Health	4,229	17.1
NHS Health Check Programme	548	2.2
Health Protection	115	0.5
Obesity Programme	656	2.6
Physical Activity (including contribution to LeicesterShire and Rutland Sport)	1,131	4.6
Substance Misuse	3,869	15.6
Smoking and Tobacco	707	2.9
Local Area Co-ordination	653	2.6
Children's Public Health 0-19	8,827	35.6
Public Health Advice	504	2.0
Public Health Other Commissioned Activity	275	1.1
Early Help and Prevention Services (transfers from other departments)	1,945	7.9
LeicesterShire and Rutland Sport	0	0.0
<b>Department Total</b>	<b>24,787</b>	<b>100.0</b>
Public Health grant	-24,872	
<b>Total Net Budgeted Spend</b>	<b>-85</b>	

### Other Changes and Transfers

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.

17. Since the draft MTFS was approved at Cabinet in December 2017, a budget transfer to Children and Family Services (CFS) is proposed and the amended budgets will be reported to Cabinet in February. The transfer is £0.8m and is in relation to budgets for early help and prevention (EHAP) externally commissioned services. These budgets were previously held within CFS, and are transferring back as they are linked to other areas under review within the department. Savings related to these budgets, totalling £0.2m will also transfer back to CFS at the same time.

### **Growth**

18. 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.
19. Growth over the next four years total £1.4m, including £0.7m in 2018/19. The budget increases are outlined below and summarised in Appendix B.

G14 Reductions to Public Health specific grant (offsetting savings have been included in this and previous MTFS):£660,000 in 2018/19 rising to £1,310,000 in 2019/20

20. The reduction in grant is as a direct result of the Chancellor's Autumn Statement 2015 where an annual average reduction of 3.9% over a five year period was announced.

G15 Integrated Sexual Health Service - increased testing expected as result of new Pre Exposure Prophylaxis (PrEP) treatment for HIV risk groups : £40,000 in 2018/19 rising to £80,000 in 2020/21

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 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 the introduction of PrEP.

### **Savings**

22. Details of proposed savings are set out in Appendix B and total £0.5m in 2018/19 and £1.5m rising to over the next four years.

PH1 Eff/SR Early Help and Prevention Review - review of externally commissioned prevention services £495,000 in 2018/19 rising to £1,500,000 in 2020/21

23. The Cabinet approved the Early Help and Prevention Strategy on 17 June 2016.
24. One of the recommendations regarded savings of £1.5m that were achievable through the 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. 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.

25. The current profile of the savings is such that in 2018/19 and 2019/20 contracts have been identified which will be reduced or de-commissioned to the value required to achieve the savings target. The savings in 2020/21 are subject to further investigation, however contracts with a value in excess of the savings target have been identified and therefore the £1.5m target is on track to be achieved in full by 2020/21. Further details of the changes proposed are provided in the table below.

Contract and Provider	Saving Value and Year	Progress
Drugs Treatment Contract (Turning Point)	£150,000 in 2020/21	<p>The saving is in relation to two elements of the existing provision, CCAT (Community Care Assessment Team) and residential rehabilitation. The CCAT saving (£13k) could be made by incorporating this service with the main treatment provider, subject to negotiation with the City who provide the CCAT service currently.</p> <p>Residential rehabilitation services are demanded and the annual spend is estimated at £375k. It is considered that setting up a framework agreement for providers to fix costs will generate the savings.</p>
Integrated Sexual Health (3 contracts)	£321,000 in 2019/20	<p>The main contract for this service is £2.8m and is currently being re-procured. Service changes such as offering testing services online and increasing self-serve activity is expected to generate part of the above savings figure.</p> <p>A re-location of the service hub within Leicester is expected to produce significant savings, as accommodation costs for the provider would be reduced, resulting in lower prices.</p> <p>A contribution to the costs of the refurbishment has been agreed with Leicester City Council and a Legal Agreement is being drafted. There is a risk of procurement failure relating to the market not being able to deliver the service within the funding envelope. A redundancy contingency is being considered by the service as (from the soft market testing undertaken) a number of prospective bidders were concerned about the level of redundancy that could result from the new service model.</p> <p>The level of any re-location hub contribution and redundancy contingency will be considered alongside the level of savings and overall contract re-procurement.</p>

		There are two smaller contracts also under consideration in this area, which make up the balance of the savings these are considered to be medium risk.
Tobacco YP Programme (Community)	£80,000 in 2020/21	The current contract costs £115k and subject to extension, will end in July 2019. The service is to promote an understanding of the risks associated with smoking to school age children. A traded offer to schools is being considered to generate the saving, however this is considered a medium risk as schools may not take up the service.
NHS Health Checks (GPs)	£150,000 in 2019/20	A more targeted approach to this service is being developed in conjunction with primary care which should reduce the number of checks undertaken and result in a more robust, targeted service offer.
Other Savings	£35,000	Three contracts will be reduced through redesign which will create efficiency savings.
Savings Achieved	£494,000 in 2018/19	This is made up of 14 contracts which have been reduced or de-commissioned already.

26. The balance of the savings target (£270,000) will be from the following contracts, it has yet to be determined how the saving will be made and the extent of the service reduction.

Contract and Provider	Progress
Homelessness Prevention (Nottingham Health Care Trust) Full Contract Value £0.5m	<p>The service aims to equip people with the skills required to establish and/or maintain permanent living arrangements and live independently. Statutory housing responsibilities sit with the local housing authorities (District and Borough Councils) and is not a statutory function for the County Council, however it is recognised that many people accessing these services would not be eligible for statutory homelessness services via the districts.</p> <p>There is a risk that the remaining provision for these services in the County may not meet the need. It is proposed to engage with districts over the next two years to explore viable alternative options. A paper is to be taken to SCG to work up further detail on deliverability.</p>

Short Term Refuge Accommodation (WALL) Full Contract Value £116,000	A proposal was made to SCG that the next two years would be used to engage with districts and domestic violence teams working in the City and County to look at alternative delivery models. SCG requested that a further paper is prepared with full details worked up for deliverability.
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### **Savings Under Development**

27. There are a number of areas that are currently being investigated for savings in order to identify the proposed £1.1m indicative savings target for the MTFs 2020/21. These are set out in the table below.

<b>Service Area</b>	<b>Description of saving</b>	<b>Approach</b>
0-19 Health Visiting & School Nursing service	This contract was commissioned for 3 years with the opportunity to extend for a further 2 years. This would end the contract in 2022. There is however the opportunity to renegotiate the contract in April 2020 and look at potential redesign work around new ways of delivery.	Work will start shortly to look at the future needs of the population as well as an appraisal of the infrastructure needed to deliver the service effectively.
Integrated Lifestyles	The department is looking to combine aspects of the delivery of lifestyle services into a single lifestyle hub which would support a more integrated systems approach to tier 1 and potentially some aspects of tier 2 delivery. Services within scope are Weight Management, Physical Activity, Alcohol Advice and Health Checks.	A paper will be presented to the Cabinet in February 2018 with the aim to seek approval to consult on a new model of delivery.
Schools offer	There are a number of current services that we deliver to schools including young person's physical activity as well as various specialist training elements. The department are exploring the option of moving these to a traded service model.	Work is underway to identify which strands of the delivery could be included in such an offer as well as identifying an aligned date for possible transition.

PH2 Eff Review of Staff Absence £10,000 in 2019/20 rising to £20,000 in 2020/21

28. To reflect the support being put in place to reduce staff absence a financial target has been allocated to all departments. This reflects the intention to meet or exceed the County Council's target of 7.5 FTE. The target is phased as 50% in 2019/20 and 100% in 2020/21 to allow time for improvement to take effect.

**External Influences**Demand Led Activity

29. Sexual Health services are required to be provided on an open access basis and therefore there is a risk to the achievement of the MTFs if there is an increase in demand.

Inflation

30. The department continues to be at risk of inflationary pressures due to the Public Health Grant not being increased by central government to reflect pay and other price increases. This pressure may increase due to the lifting of the public sector pay cap, which directly impacts service provider costs.

**Other Funding Sources**

31. There are a number of funding sources that contribute to the overall budget for Public Health. These are set out in the table below.

<b>Funding Source</b>	<b>Description</b>	<b>£</b>	<b>RISK RAG</b>
Public Health Grant	Public Health Grant allocation	24,872,000	
Sport England Grant	Leicester-Shire and Rutland Sport receive funding to deliver a number of programmes. Funding varies each year, according to the programmes supported.	514,000	
Rutland County Council	The provision of Public Health support to the authority and a section 113 agreement for the Director of Public Health	151,000	
University Hospitals Leicester	The provision of Public Health support for specialist projects. This is agreed each year, and the current service is coming to an end.	140,000	
Better Care Fund	Funding allocation for First Contact Plus	151,000	
District Councils	Contribution towards the infrastructure of Local Area Coordination	70,000	



## **Equality and Human Rights Implications**

32. 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.
33. 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.
34. 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 : 12 December 2017 – Medium Term Financial Strategy 2018/19 to 2021/22](#)

## **Circulation under local issues alert procedure**

None.

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## **Appendices**

Appendix A – Revenue Budget 2018/19

Appendix B – Growth & Savings

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