



HEALTH OVERVIEW AND SCRUTINY COMMITTEE: 16th JANUARY 2019

MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2022/23

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

Purpose of Report

1. The purpose of this report is to:
 - a) provide information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it relates to Public Health; and
 - b) ask 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 2018. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2019/20 – 2022/23 was considered by the Cabinet on 18 December 2018.

Background

3. The MTFS is set out in the report to Cabinet on 18 December 2018, 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 28 January 2019. The Cabinet will consider the results of the scrutiny process on the 8 February 2019 before recommending an MTFS, including a budget and capital programme for 2019/20, to the County Council on the 20 February 2019.

Service Transformation

5. In the 2015 Autumn Statement the Chancellor announced a 3.9% annual reduction over a 5 year period in Public Health allocations to local authorities. This has resulted in reductions in national funding levels of 2.6% in both 2018/19 and 2019/20. In addition the Chancellor announced that the ring-fence on the grant would continue for 2018/19 and 2019/20. It is still expected that Public Health will be funded from retained business rates from April 2020 although this is yet to be confirmed. The Department and the services it commissions and delivers continue to be structured in line with statutory

duties and the Target Operating Model as set out in the Early Help and Prevention Review. The Department will consider the in-house provision of services as a preferred option, where appropriate, recognising that specialised health improvement treatment services will continue to be externally commissioned through the NHS and third sector markets.

6. The Department is continuing to make efficiencies and service improvements by promoting digital and self-serve access to services where appropriate, bringing services in-house, identifying opportunities for income generation and integrating contracts in areas such as sexual health and substance misuse.

Proposed Revenue Budget

7. Table 1 below summarises the proposed 2019/20 revenue budget and provisional budgets for the next three years thereafter. The proposed 2019/20 revenue budget is shown in detail in Appendix A.

Table 1 – Revenue Budget 2019/20 to 2022/23

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Original prior year budget	-703	-486	-1,036	-1,016
Budget transfers and adjustments	87			
Add proposed growth (Appendix B)	650	20	20	
Less proposed savings (Appendix C)	-520	-570		
Proposed/Provisional budget	-486	-1,036	-1,016	-1,016

8. 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.
9. 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.
10. The total gross proposed budget for 2019/20 is £27.0m with contributions from health transfers, and various other income sources totalling £3.3m. The ring-fenced grant allocation for 2019/20 is £24.215m.
11. The proposed net budget for 2019/20 of - £486k is distributed as shown in Table 2 below:

Table 2 - Net Budget 2019/20

	£000	%
Public Health Leadership	1,342,916	5.6
Local Area Co-ordination	772,679	3.3
Quit Ready	603,699	2.5
First Contact Plus	158,584	0.7
Other Public Health Services	268,700	1.1
Programme Delivery	331,357	1.4

Other Prevention Services	1,326,891	5.6
Children's Public Health 0-19	8,825,013	37.2
Sexual Health	3,842,362	16.2
NHS Health Check Programme	543,000	2.3
Substance Misuse	3,774,330	15.9
Physical Activity	1,141,951	4.8
Obesity Programmes	613,000	2.6
Health protection	99,506	0.4
Tobacco Control	85,000	0.4
Leicester-Shire and Rutland Sport	0	
Total	23,728,988	100.0
Public Health Ring Fenced Grant	-24,215,000	
Total Net Budgeted Spend	-486,012	

Budget Changes and Adjustments

12. Growth and 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

13. This star rating is included in the descriptions set out for growth and savings below.

14. Savings have also been classified as 'Eff' or 'SR' dependent on whether the saving is seen as efficiency or service reduction or a mixture of both. 'Inc' denotes those savings that are funding related and/or generate more income.

GROWTH

15. Growth bids made by Public Health are in response to national issues faced by all public health authorities and not internally generated initiatives; as a result they are kept to a minimum.

16. Details of proposed growth are set out in Appendix B and provide for an additional £0.7m per annum by 2022/23. These are described in the following paragraphs.

*G13 Reductions to Public Health specific grant (offsetting savings have been included in this and previous MTFS); £0.65m in 2019/20.

17. 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.

**G14 Integrated Sexual Health Service - increased testing expected as result of new Pre Exposure Prophylaxis (PrEP) treatment for HIV risk groups; £20,000 in 2020/21 rising to £40,000 in 2021/22.

18. PrEP is a retro-viral drug; tests have suggested that it is effective at reducing the spread of HIV amongst high risk groups. Local authorities (under the Health and Social Care Act 2012) are responsible for the increased testing that will be required when the treatment is introduced.

SAVINGS

19. Details of proposed savings are set out in Appendix C and total £0.5m in 2019/20 rising to £1.1m per annum by 2022/23. These are detailed in the following paragraphs.

*PH1 Eff/SR Early Help and Prevention Review - review of externally commissioned prevention services £0.5m in 2019/20 rising to £1m in 2020/21

20. Cabinet approved the Early Help and Prevention Strategy on 17 June 2016.

21. The current profile of the savings is such that in 2019/20 contracts in three areas have been identified which will be reduced or de-commissioned to achieve the £0.49m savings target. The savings required in 2020/21 have been significantly progressed. However, further work is required in some areas and savings of £66,000 are yet to be identified. Further information on the individual savings areas is included in the table below:

Contract and Provider	Saving Value and Year	Progress
Integrated Sexual Health (3 contracts)	£0.29m in 2019/20	The service has been re-commissioned with effect from January 2019 and the contract value has been reduced.
NHS Health Checks (GPs)	£0.15m in 2019/20	Work has been completed to support primary care in providing a more effective commissioned service. It is expected that this will deliver the saving in full.
Heart Smart	£50,000 in 2019/20	The service has been decommissioned.

Homelessness Prevention	£0.2m in 2020/21	<p>A report was taken to Cabinet in November 2018 where it was agreed that the DPH will consult on a new delivery model for outreach support. It is proposed that the existing arrangements costing £320,000 are decommissioned and replaced with a community outreach model costing £120,000.</p> <p>This would be developed in line with the Local Area Coordination model (LAC). A number of additional Coordinators could be recruited as either part of the broader service or as specialist posts.</p>
Substance Misuse Treatment Services	£0.15m in 2020/21	<p>It is expected to make part of the savings target by decommissioning the assessment service provided by the City Council as there is duplication with the service provided by the current substance misuse contractor, realising a saving of £60,000.</p> <p>It is proposed to make the balance of the savings through an integrated substance misuse service which involves combining the community substance misuse treatment service, inpatient detox service and residential rehabilitation service.</p>
YP Tobacco Programme	£80,000 in 2020/21	<p>The current contract costs £115,000 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.</p>
Adults & Communities, Support for Carers Contract	£19,000 in 2020/21	<p>The current contract has been extended until 31 October 2019 in order that scoping work can be undertaken to model different levels of respite/support required. The saving will be implemented when the new contract is awarded.</p>
TBC	£66,000 in 2020/21	<p>The balance of the EHAP savings will now be included in the total required to be found from savings under development.</p>
	£1.005m	

PH2 Eff Integrated Lifestyles; £20,000 in 2019/20 rising to £65,000 in 2020/21

22. The scope of the project is to improve the integration of lifestyle services and review the service delivery model for adult weight management to bring it in-line with approaches used in the stop smoking and First Contact Plus services. The service is currently commissioned from Leicestershire Nutrition and Dietetic Services. A new service design which is expected to generate ongoing savings of £65,000 was approved by Cabinet in October 2018. The new in-house service will come into effect in October 2019, this will include online resources, telephone advice and support as well as face to face support for targeted service users.

*PH3 Eff Review of Staff Absence; £10,000 in 2019/10 rising to £20,000 in 2020/21

23. To reflect the support being put in place to reduce staff absence a financial target has been allocated to all departments. The department will continue to manage absence and it is expected that this saving will be achieved in full.

Savings under Development

24. Contracts already under consideration, which are expected to generate savings of £0.6m in 2020/21 are shown in the table below.

The Departmental Management Team is meeting in January 2019 to agree those commissioned services which will be reviewed to produce the balance of the £1.1m savings target for the 2020/21 MTFS.

	Description of saving	Approach
0-19 Health Visiting & School Nursing £8.6m contract value	The current contract runs from April 2017 to March 2020. The savings will be made from contract negotiation. Savings proposed £0.5m.	A draft approach with the provider has been agreed which will see a phased recruitment freeze applied to the school nursing element of the service with a continued shift to a 'digital offer' in mitigation.
Schools Traded Offer £150,000 contract value	There are a number of current services that are delivered 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. Savings proposed £100,000	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.

External Influences

25. Demand Led Activity

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. Health Checks are also demand driven.

26. Inflation

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. The first year of the 3 year NHS pay deal was funded by the Treasury however there has been no assurance from the Department of Health as to whether it will meet increased provider costs for years 2 and 3 of the deal.

Other Funding Sources

27. There are a number of funding sources that contribute to the overall budget for Public Health.

<u>Funding Source</u>	<u>Description</u>	<u>Value £</u>	<u>RISK RAG</u>
Public Health Grant	Public Health Grant Allocation.	24,215,000	GREEN
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.	500,000	GREEN
Better Care Fund	Funding allocation for First Contact Plus.	154,000	GREEN
Rutland County Council	The provision of Public Health support to the authority and a section 113 agreement for Mike Sandys as the DPH.	151,000	GREEN
University Hospitals Leicester	The provision of Public Health support for specialist projects. This is agreed annually and is not yet in place for 2019/20.	140,000	AMBER

Office of the Police and Crime Commissioner	This funding is a contribution to the (drugs) treatment contract.	110,000	GREEN
Clinical Commissioning Groups	To meet the costs of contraceptive devices which are fitted to treat an existing medical condition.	100,000	GREEN
District Councils	Contribution towards the infrastructure of Local Area Coordination.	70,000	GREEN
Leicester City Council and Rutland County Council	Contributions to the costs of the Community Infection Prevention and Control Team.	60,000	GREEN

Background Papers

Cabinet 18 December 2018 - Medium Term Financial Strategy 2019/20 to 2022/23
<http://politics.leics.gov.uk/mgAi.aspx?ID=53670#mgDocuments>

Circulation under Local Issues Alert Procedure

None.

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List of Appendices

Appendix A – Revenue Budget 2019/20
 Appendix B – Growth & Savings 2019/20 – 2022/23

Equality and Human Rights implications

28. 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.
29. 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.
30. 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.

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