



HEALTH OVERVIEW AND SCRUTINY COMMITTEE

15th JANUARY 2025

MEDIUM TERM FINANCIAL STRATEGY 2025/26 – 2028/29

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 2025/26 to 2028/29 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 2024. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS proposed for 2025/26 to 2028/29 was considered by the Cabinet on 17th December 2024.

Background

3. The MTFS is set out in the report to Cabinet on 17th December 2024, 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 27th January 2025. The Cabinet will consider the results of the scrutiny process on the 7th February 2025 before recommending an MTFS, including a budget and capital programme for 2025/26, to the County Council on the 19th February 2025.

Service Transformation

5. Funding for Public Health activities comes from the specific Public Health grant, The 2025/26 Public Health settlement for Leicestershire is still unknown but is

expected to be around £28.3m, which represented a 3.2% increase on the 2024/25 grant. The uplift to the grant is to cover the increased costs of Public Health services, including the impact of NHS pay settlements. In addition, the grant includes funding to support local authorities to implement their duties under the Botulinum Toxin and Cosmetic Fillers (Children) Act 2021 and the costs of routine pre-exposure prophylaxis (PrEP) commissioning.

6. The Department and the services it commissions and delivers continue to be structured in line with statutory duties and the Public Health Strategy. 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.

Proposed Revenue Budget

7. Table 1 below summarises the proposed 2025/26 revenue budget and provisional budgets for the next three years thereafter. The proposed 2025/26 revenue budget is shown in detail in Appendix A.

Table 1 – Revenue Budget 2025/26 to 2028/29

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Original prior year budget	-2,606	-2,746	-2,746	-2,746
Budget transfers and adjustments	0	0	0	0
Add proposed growth (Appendix B)	0	0	0	0
Less proposed savings (Appendix B)	-140	0	0	0
Proposed/Provisional budget	-2,746	-2,746	-2,746	-2,746

8. The Public Health department is required to meet increased provider costs as well as internal staff pay awards which are not funded by the central contingency.
9. The total gross proposed budget for 2025/26 is £30.0m with contributions from health, transfers and various other income sources totalling £4.5m. The ring-fenced grant allocation for 2025/26 is estimated to be £28.3m.
10. The proposed net budget for 2025/26 of - £2.746m is distributed as shown in Table 2 below:

Table 2 - Net Budget 2025/26

	£000	%
Public Health Leadership	2,865	11.05
Community Delivery	1,049	4.11
Quit Ready	421	1.65
First Contact Plus	111	0.44
Other Public Health Services	96	0.38

Programme Delivery	605	2.37
Weight Management Service	311	1.22
Mental Health	40	0.16
Workplace Health	-3	-0.01
Children's Public Health 0-19	9,515	37.28
Domestic Violence	387	1.52
Sexual Health	4,213	16.51
NHS Health Check Programme	548	2.15
Substance Misuse	4,029	15.78
Physical Activity	896	3.51
Obesity Programmes	10	0.04
Health Protection	403	1.58
Tobacco Control	70	0.27
Active Together (formerly Leicestershire and Rutland Sport)	0	
Total	25,567	100.0
Public Health Ring Fenced Grant	-28,312	
Total Net Budgeted Spend	-2,746	

Budget Changes and Adjustments

11. 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
12. This star rating is included in the descriptions set out for growth and savings below.
13. 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

14. There is no growth proposed for the department. However, the following areas have been identified as key issues.
15. The Health Check programme is a prescribed service that is currently delivered by general practice. Health checks should be offered to eligible individuals aged 40-74 every 5 years. The initial £1m budget for this has been reduced over recent years by 60% and, in 2023/24, a further £100k was taken out of the budget to meet the 'MTFS target'. Although the new service has been re-

procured with a more targeted funding mechanism, there is still a risk that the programme will over perform against budget. Activity data from 2022/23 and 2023/24 shows that the saving is 'in doubt'. Activity has increased to pre pandemic levels and due to an ongoing backlog of eligible people in addition to a growing population of eligible people, the predicted budget spend for 2025/26 is £547,500 which is £147,500 above the original budget.

16. An in-year cost pressure for 2024/25 was created by the change in the way the NHS contribution to the Agenda for Change (A4C) pay award was processed. The process for paying for the A4C pay award for NHS staff within services commissioned by Public Health (PH) has changed. In previous years the national agreement was that the NHS would pay for the year the increase was due in full and then in the following year the public grant would pick up the cost. This is actioned by adding the cost to the contract value through a contract variation, creating a new baseline. We have two providers currently where this arrangement is in place. The uplift amount for the contracts changes each year but has previously been in the region of £220k per annum. In 2023/24 PH was responsible for the first 3.5% of the nationally agreed pay increase across the Agenda for Change pay scales and the NHS funded the difference between the 3.5% and the full pay award.
17. Due to pay pressures this year and moving into next year, we are anticipating requests from our providers for additional money to support them to meet the new national living wage and national insurance increased costs. Currently there is no budget for these requests so each request will be dealt with through contract management and other mechanisms to try and support providers to reduce their cost base to cover the increase in staffing costs. The NHS are no longer funding any increases for providers commissioned by the local authority and therefore providers are asking for the previous year (the cost we pick up once the NHS first year funding has ended) plus the current year (where there is no longer NHS funding) in one lump sum. This has created an in-year cost pressure for 2024/25. This amounts to £633,000 against a budgeted staff cost increase of £200,000. Looking to next year (25/26) the impact of this is an increase in NHS provider staff costs of £1,212,949 compared to a forecasted increased NHS staff cost budget of £400,000. We have been assured that we will receive financial help from the government for this in year cost pressure, but this will only support in 2024/25.
18. To mitigate these cost pressures, an urgent piece of work is starting to review the contracts we have with NHS providers. The viability of alternative commissioning opportunities for non-clinical elements of clinical services is also being explored. We will also be starting a wider review of cost saving measures in the new year to support this ongoing cost pressure.
19. Consideration should be made as to whether the spend on services outside of the public health department should be reduced to contribute to the

management of core public health budget pressures on prescribed and non-prescribed Public Health services.

SAVINGS

20. Details of proposed savings are set out in Appendix B and total £0.140m in 2025/26. These are detailed in the following paragraphs.

21. *PH1: Eff/SR Review of commissioned services; £90,000 in 2025/26

The department has identified opportunities for savings across its portfolio of commissioned services. To date, £67,500 of the saving has been approved and the additional £22,500 will be delivered through new savings under development.

22. *PH2: Eff Quit Ready - Development of a Pharmacy Community Based Service Model; £50,000 in 2025/26

The department, working alongside Pharmacies, has identified an opportunity to work collaboratively to dispense Pharmacotherapy products.

Savings under Development

23. Workplace Health

The Healthy Workplaces Leicestershire programme has been designed to support organisations of all sizes across the county to become healthier places to work. The programme has already generated income of £28,700 to date. The programme is still in its infancy but is growing exponentially with increased targets for 2025/26.

24. Review of Soldiers', Sailors' and Airmen's Families Association (SSAFA) contract

The council has held a contract with SSAFA to provide support to ex-service personnel. The provision has recently moved to a regional model with volunteers providing support locally. With this and the contract ending March 2025, the service is being reviewed.

25. Decommission of Timebanking Service

The Timebank service was initially designed to support people in communities to swap hours of time for support with a personal need. There has been increasing issues with insurance and the take up of the programme such that a review is underway to decide the future of the programme. The outcome is likely to be to stop activity and close the programme.

External Influences

26. 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 if activity is higher than predicted. Health Checks are also demand driven and there was an increase in activity in 2023/24 above the level anticipated which led to an increase in the budget allocation for 2024/25.

27. Inflation

The department continues to be at risk of inflationary pressures. Although there has been an increase to the Public Health Grant in 2024/25, there is an ongoing requirement for the Department to meet increased provider costs as well as internal staff pay awards which are not funded by the central contingency.

28. Public Health Grant

The future mechanism for Public Health funding is uncertain and there is increased scrutiny from the Office for Health Improvement and Disparities (OHID) in relation to grant spend. If the grant is cut by national government, and not replaced through alternative funding arrangements, growth will be needed to maintain existing service levels. There would also be a risk to being able to deliver the MTFS savings as planned. We are working nationally to lobby for a fairer funding process for PH as well as designing the mitigation review process to ensure spend is allocated to appropriate services within the authority.

Other Funding Sources

29. There are several funding sources that contribute to the overall budget for Public Health.

<u>Funding Source</u>	<u>Description</u>	<u>Value £000</u>	<u>RISK RAG</u>
Public Health Grant	Public Health Grant Allocation 2024/25 (indicative allocation).	28,312	G
Sport England Grant	Active Together receive funding to deliver a number of programmes. Funding varies each year, according to the programmes supported.	837	G
Better Care Fund	Funding allocation for First Contact Plus.	199	G
Rutland County Council	The provision of Public Health support to the authority and a section 113 agreement for Mike Sandys as the DPH.	332	G

Office of the Police and Crime Commissioner	This funding is a contribution to the (drugs) treatment contract.	145	G
Integrated Care Board	To meet the costs of contraceptive devices which are fitted to treat an existing medical condition.	65	G

Background Papers

Cabinet 17th December 2024 - Medium Term Financial Strategy 2025/26 to 2028/29
<https://democracy.leics.gov.uk/documents/g7512/Public%20reports%20pack%20Tuesday%2017-Dec-2024%2014.00%20Cabinet.pdf?T=10>

Circulation under Local Issues Alert Procedure

None.

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List of Appendices

Appendix A – Revenue Budget 2025/26
 Appendix B – Growth & Savings 2025/26 – 2028/29

Equality implications

30. 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.

31. 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.

32. 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.

Human Rights Implications

32. There are no human rights implications arising from the recommendations in this report.