



## **HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

**14 JANUARY 2026**

### **MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30**

### **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 2026/27 to 2029/30 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 2025. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS proposed for 2026/27 to 2029/30 was considered by the Cabinet on 16 December 2025.

#### **Background**

3. The MTFS is set out in the report to the Cabinet on 16 December 2025, 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. The revised MTFS for 2026-30 projects a gap of £23m in the first year that (subject to changes from later information such as the Local Government Finance Settlement) will need to be balanced by the use of earmarked reserves. There is then a gap of £49m in year two rising to £106m in year four, based on a 2.99% Council Tax increase, although no decision has yet been made on the level of increase to be approved.
5. 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 26 January 2026. The Cabinet will consider the results of the scrutiny process on the 3 February 2026 before recommending an MTFS,

including a budget and capital programme for 2026/27, to the County Council on the 18 February 2026.

### **Service Transformation**

6. Funding for Public Health activities comes from the Public Health grant, to be spent only on specific public health activity in line with national grant conditions.
7. Provisional allocations for the next three years, 2026/2027 to 2028/2029 were announced by the Department of Health and Social Care (DHSC) on 17th December. The announcement consolidated four, currently separate, funding streams into the Public Health Grant. These are the:
  - Drug and Alcohol Treatment and Recovery Improvement Grant (DATRIG);
  - Individual Placement and Support Grant (IPSG);
  - Local Stop Smoking Services and Support Grant (LSSSSG);
  - Swap to Stop scheme.
8. The Public Health Grant for 2026/27, including the consolidated funding streams, is £33.11m, rising to £34.39m in 2027/28 and £35.33m in 2028/29. Within the 2026/2027 provisional allocation the 'core grant', stripping out the consolidated aspects, is £30.84m. For planning purposes, the Department assumed it would be circa £30.7m, which represents approximately a 1.9% increase on the 2025/26 grant.
9. The DHSC has now specified 'ring fences within the ring fence', stipulating a minimum amount that must be spent on drugs and alcohol treatment, recovery and prevention, and smoking cessation. For 2026/27, within the overall grant of £33.11m, £6.67m must be spent on tackling drugs and alcohol and £1.46m on smoking cessation. In later years these figures rise, for drugs and alcohol expenditure, to £7.43m in 2027/28 and £7.87m in 2028/29 and, for smoking cessation, £1.47m in 2027/28 and £1.48m in 2028/29.
10. The impact of what is effectively a direction to increase expenditure on the prevention, treatment and recovery from drugs and alcohol misuse of 105 year on year, will be to restrict the increase available in the rest of the grant to an approximate rise of 2.4% between 2026/27 to 2027/28 and 1.6% between 2027/28 to 2028/29.
11. 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**

12. Table 1 below summarises the proposed 2026/27 revenue budget and provisional budgets for the next three years thereafter. The proposed 2026/27 revenue budget is shown in detail in Appendix A.

**Table 1 – Revenue Budget 2026/27 to 2029/30**

	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2029/30 £000</b>
Original prior year budget	-2,746	-2,086	-2,086	-2,086
Budget transfers and adjustments	660	0	0	0
Add proposed growth (Appendix B)	0	0	0	0
Less proposed savings (Appendix B)	0	0	0	0
<b>Proposed/Provisional budget</b>	<b>-2,086</b>	<b>-2,086</b>	<b>-2,086</b>	<b>-2,086</b>

13. The Public Health department is required to meet increased provider costs as well as internal staff pay awards which are not funded by the Council's central pay contingency.
14. The total gross proposed budget for 2026/27 is £35.8m with contributions from health, transfers and various other income sources totalling £4.8m. The ring-fenced grant allocation for 2026/27 £33.1m.
15. The proposed net budget for 2026/27 is distributed as shown in Table 2 below:

**Table 2 - Net Budget 2026/27**

	<b>£000</b>	<b>%</b>
Public Health Leadership	4,026	12.98
Community Delivery	1,703	5.49
Quit Ready	1,172	3.78
First Contact Plus	209	0.67
Other Public Health Services	171	0.55
Health Improvement	653	2.10
Weight Management Service	328	1.06
Mental Health	128	0.41
Workplace Health	96	0.31
Children's Public Health 0-19	9,647	31.08
Domestic Violence	386	1.25
Sexual Health	4,202	13.55
NHS Health Check Programme	520	1.68
Substance Misuse	5,745	18.52
Physical Activity	896	2.89
Obesity Programmes	10	0.03
Health Protection	401	1.29
Tobacco Control	70	0.23
Active Together (fully grant funded)	0	0.00
VCSE/Communities	661	2.13
<b>Total</b>	<b>31,024</b>	<b>100.0</b>
<b>Public Health Ring Fenced Grant</b>	<b>-33,110</b>	
<b>Total Net Budgeted Spend</b>	<b>-2,086</b>	

## **Budget Changes and Adjustments**

### **GROWTH**

16. There is no growth proposed for the department, the ring fenced grant means the department makes no call on the Council's General Fund. However, the following areas have been identified as key issues.
17. 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 had been reduced through savings targets over recent years by 60% to a revised budget of £0.4m. Although the new service has been re-procured with a more targeted funding mechanism, there is still a risk that the programme could exceed the budget. 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 revised budget for 2026/27 is £520,000 which is £120,000 above the original budget prior to the pandemic.
18. An in-year cost pressure for 2024/25 onwards was created by the change in the way the NHS contribution to the Agenda for Change (A4C) pay award for NHS staff within services commissioned by Public Health was processed. 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 Health grant would fund the cost. This is actioned by adding the cost to the contract value through a contract variation, creating a new baseline. The Council has 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.

### **SAVINGS**

19. There are no savings proposed for the department, however, the department is continuously working to maximise grant efficiency.

### **Savings under Development**

20. To help bridge the gap several initiatives are being investigated within the County Council to generate further savings. This work was already underway as part of the Council's strategy to address the MTFs gap and does not include any of the findings from the Efficiency Review, which is discussed in more detail later in the report. Outlines of the proposals were included as Appendix D, Savings under Development to the 16 December Cabinet report. Once business cases have been completed and appropriate consultation and assessment processes undertaken, savings will be confirmed and included in a

future MTFS. This is not a definitive list of all potential savings over the next four years, just the current ideas and is expected to be shaped significantly as the Efficiency Review progresses.

21. There are no savings under development for the Public Health department.

### **Future Financial Sustainability**

22. Despite delivery of extensive savings already, a significant gap remains, emphasising the need to accelerate and expand the Council's ambitions and explore new, innovative options. A step-change in approach is required.
23. The Efficiency Review was initiated by the new Administration in response to a then-projected £90m budget gap by 2028/29, alongside mounting pressures on capital funding and special educational needs budgets. To address these financial challenges, the Council commissioned a comprehensive, evidence-led review of all services and spending, aiming to identify ways to accelerate existing initiatives and identify new opportunities. The review will identify opportunities to redesign services, optimise resources, and embed a performance-driven culture across the organisation.
24. Key elements of the review include:
  - Reviewing all Council activities for cost reduction, service redesign, and income generation (excluding commercial ventures).
  - Assessing existing MTFS projects and savings ideas to prioritise or redesign them, identify where savings targets could be stretched or accelerated.
  - Strengthening governance, data management and resource mobilisation within the current Transformation Strategy.
  - Reviewing the County Council's approach to delivering change to ensure well placed to support implementation and future Council change initiatives.
25. The review is being undertaken by Newton Impact and commenced in early November, with detailed recommendations due early 2026 to inform future financial planning and Cabinet decisions.
26. The first stage of work was focused on any immediate opportunity to accelerate existing MTFS savings. The first of these, included in the draft MTFS position, is reablement in Adult Social Care. The initial saving included in the MTFS is £1m, building on an existing saving in this area of £1.9m.
27. The further initiatives that will be developed over the next few months are expected to be a combination of i) ideas that had not progressed due to resource availability, ii) existing initiatives that can be expanded due to greater insight, iii) new initiatives to the Council.
28. The review is still in its early stages and is progressing as expected. If further initiatives can be developed to a satisfactory level of confidence they will be included in the MTFS report to the Cabinet in February.

29. The County Council is taking decisive action to close the budget gap and build a financially resilient organisation. The Efficiency Review will result in a revised Transformation Programme underpinned by strong governance and innovation to accelerate delivery and embed new ways of working. With significant uncertainty and change linked to Local Government Reorganisation, the coming year will be critical in driving high-impact change, engaging stakeholders, and preparing the organisation for future challenges.
30. There will need to be a renewed focus on these programmes during the next few months to ensure that savings are identified and delivered to support the 2026/27 budget gap. Given the scale of the financial challenge, focus will be needed to prioritise resources on the change initiatives that will have the greatest impact, and work is already underway to do this.

### **External Influences**

#### **31. 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 allocations for 2024/25 and 2025/26.

#### **32. Inflation**

The department continues to be at risk of inflationary pressures. Although there has been an increase to the Public Health Grant in 2026/27, 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 Council's central inflation contingency.

### **Other Funding Sources**

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

<b><u>Funding Source</u></b>	<b><u>Description</u></b>	<b><u>Value £000</u></b>	<b><u>RISK RAG</u></b>
Public Health Grant	Public Health Grant Allocation 2026/27.	33,109	G
Sport England Grant	Active Together receive funding to deliver a number of programmes. Funding varies each year, according to the programmes supported.	1,004	G
Better Care Fund	Funding allocation for First Contact Plus.	207	G

Rutland County Council	The provision of Public Health support to the authority and a section 113 agreement for Mike Sandys as the DPH.	339	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.	75	G

### **Background Papers**

Cabinet 16 December 2025 - Medium Term Financial Strategy 2026/27 to 2029/30  
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882&Ver=4>

### **Circulation under Local Issues Alert Procedure**

None.

### **Officers to Contact**

Mike Sandys, Director of Public Health  
 Tel: 0116 305 4239  
 E-mail: [mike.sandys@leics.gov.uk](mailto:mike.sandys@leics.gov.uk)

Declan Keegan, Director of Corporate Resources, Corporate Resources Department  
 Tel: 0116 305 7668  
 E-mail: [declan.keegan@leics.gov.uk](mailto:declan.keegan@leics.gov.uk)

### **List of Appendices**

Appendix A – Revenue Budget 2026/27

### **Equality implications**

34. 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.
35. 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.
36. 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**

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