



HEALTH OVERVIEW and SCRUTINY COMMITTEE:
22 JANUARY 2014

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

MEDIUM TERM FINANCIAL STRATEGY 2014/15 – 2017/18

Purpose

1. The purpose of this report is to:
 - a) provide information on the proposed 2014/15 to 2017/18 Medium Term Financial Strategy (MTFS) as it relates to the Public Health Department; and
 - b) ask the Committee to consider any issues as part of the consultation process and any response it may wish to make.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2013. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2014/15 – 2017/18 was considered by the Cabinet on 15 January 2014.

Background

3. Reports such as this are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 29 January. The Cabinet will consider the results of the scrutiny process before recommending a MTFS including a budget and capital programme for 2014/15 to the County Council on the 19 February 2014.

Financial Strategy

4. The MTFS is set out in the report to Cabinet on 15 January, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Public Health Department.

Service Transformation

5. The Public Health Procurement Plan 2013/14 and 2014/15, approved by Cabinet in October 2013, set out the procurement timetable for public health services. These staggered re-procurements will enable Public Health to drive further efficiencies from providers in the same way that has been achieved in relation to the new sexual health service. Additionally, Public Health will continue to work closely with our colleagues across the County Council in identifying joint areas of work that will improve the health

of the population while avoiding duplication across departments. In doing so, the Department will create the 'headroom' within the Public Health Grant that will enable it to further consolidate public health and prevention within the County Council. This will allow a contribution to be made to the County Council's savings challenge whilst minimising the impact on existing public health services.

6. Public Health will continue to structure its services in line with the new Target Operating Model for the County Council. This envisages:-
- A focus on prevention and early intervention to reduce demand for services
 - A focus on the customer/service user
 - Integration that reflects both an emphasis on the services provided by 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
7. 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

8. The Public Health Department is expected to be fully funded from the ring fenced Department of Health grant from 2014/15. The grant has included an allowance for pay and price inflation, for the two years of published information, and this is expected to continue.
9. The table below summarises the proposed 2014/15 net revenue budget and provisional budgets for the next three years. The proposed 2014/15 revenue budget is shown in detail in Appendix A.

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Updated original budget	0	0	- 500	-1,000
Other changes;				
Budget Transfers and Adjustments	1,420			
Sub Total	1,420	0	- 500	-1,000
Add proposed growth (Appendix B)				
Less proposed savings (Appendix B)	-1,420	-500	-500	
Proposed/Provisional budget (Appendix A)	0	- 500	-1,000	-1,000

10. The proposed net budget for 2014/15 is set out below:

	£000
Employees	2,627
Running Costs	22,574
Gross Costs	25,201
Income	-25,201
Net Budget	0

Other Changes and Transfers

11. A number of budget transfers (£1.4m) were affected through the 2013/14 financial year that are now adjusted for in the updated original budget. These occurred as a result of transfers enacted during the year arising from the creation of the Public Health Department. The main transfer was from the Chief Executive's Department (£1.2m) for the County Sports (and Physical Activity) Partnership, the Substance Misuse Strategic Team and the County Council's public health budget. A transfer was received from the Children and Young People's Service (£0.2m) in regard to teenage pregnancy matters and young person's substance misuse services.
12. 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 savings below.

Savings

14. Details of proposed savings are set out in Appendix B and total £2.4m. These are detailed in the following paragraphs.

Efficiency Savings

15. **S39 Expenditure managed by Public Health absorbed into the ring fenced budget; £1.4m in 2014/15.**

In 2013/14 the services within the Public Health Department were funded from a combination of grant from the Department of Health and the County Council's budget. To support the County Council's savings challenge it is proposed to use some existing spare capacity in the Department of Health grant, allowing the contribution from the County Council budget to be removed.

The capacity in the Department of Health grant has arisen due to a combination of cost savings and an increased level of grant compared to historic expenditure. The savings are mainly attributable to the re-procurement of services since the transfer from the Primary Care Trust (PCT). The additional grant is due to recognition that Public Health expenditure in Leicestershire, by the PCT, had historically been below average.

16. **S40 Preventative expenditure to be identified and absorbed into the ring fenced budget; £0.5m in 2015/16 rising to £1.0m in 2016/17.**

It is expected that additional capacity will be created in the Public Health budget over the next two years, as a result of procurements planned in 2014/15. This capacity is likely to be supplemented by above inflation increases in the Department of Health grant, beyond 2014/15, as the 2014/15 award for Leicestershire is still below the target allocation per head of population.

It is proposed to use this additional capacity to fund selected preventative services that other service departments plan to provide in the MTFs. However these will need to have clear Public Health outcomes, and are still being considered.

It is proposed to utilise £5 million of the Public Health earmarked fund in a similar way, by using £1 million per annum to fund existing preventative services over the next five years.

Specific Grants and Contributions

17. In January 2013 the Department of Health allocated public health ring fenced grants to local authorities; a two year allocation was provided for the financial years 2013/14 and 2014/15. The funding was intended to enable relevant local authorities to discharge their new public health responsibilities, namely:
- i. improve significantly the health and wellbeing of the local population,
 - ii. carry out health protection and health improvement functions delegated from the Secretary of State
 - iii. reduce health inequalities across the life course, including within hard to reach groups
 - iv. ensure the provision of population healthcare advice.

The expectation is that funds will be utilised in-year, but if at the end of the financial year there is any underspend this can be carried over into the next financial year, as part of a public health earmarked fund.

18. In drawing up their priorities, local authorities, as members of Health and Wellbeing Boards will have a duty to work with Clinical Commissioning Groups (CCGs) and other partners to undertake an assessment of the current and future health and social care needs of the local community. The resulting strategies, to meet the community's needs, will influence how the grant is spent.
19. The level of grant awarded is based upon populations in the area weighted according to relative need. To smooth the transition to the new formula, from historical spend, all authorities will receive some increase, but the amount varies depending upon the distance from the Department of Health's target funding allocation, per head of population. The 2014/15 allocation of £21.9m (8% increase on 2013/14) for Leicestershire is £1.3m (6%) below the target produced by the needs based formula.
20. The Public Health Department also receives external funding, as the hosts of the Leicester-Shire and Rutland Sport partnership. The main, external, contributor is Sport England which provides funding to get more people playing and enjoying sport, to help those with talent get to the very top and more widely to promote the benefits of physical activity across all age ranges.
21. The table shows the specific grants and expected contributions to be received in 2014/15.

	2014/15 £000
Public Health Grant (Department of Health)	21,863
Leicestershire & Rutland local authorities (excluding LCC)	156
Sport England	964
Total Sports Partnership	1,120
TOTAL	22,983

Recommendation

22. The Committee are asked to consider the report and any response they may wish to make.

Equal Opportunities Implications

23. Many aspects of the County Council's MTFs budget are directed towards the needs of disadvantaged people. Where proposed savings are likely to have an adverse impact on service users protected under equalities legislation, Equality Impact Assessments must be undertaken at a formative stage of developing proposals prior to all final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes.

Background Papers

Cabinet 15 January 2014 - Medium Term Financial Strategy 2014/15 to 2017/18

Circulation under local issues alert procedure

None.

Appendices

Appendix A – Revenue Budget 2014/15

Appendix B – Savings 2014/15 – 2017/18

Officers to Contact

Mike Sandys, Acting Director of Public Health, Public Health Department

Tel: 0116 305 4239

E-mail: mike.sandys@leics.gov.uk

Chris Tambini, Assistant Director, Strategic Finance, Property and Procurement, Corporate Resources Department

Tel: 0116 305 6199

E-mail: chris.tambini@leics.gov.uk

Declan Keegan, Finance Manager, Corporate Resources Department

Tel: 0116 305 7668

E-mail: declan.keegan@leics.gov.uk

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