

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Public Health
Date:	17 January 2018
Title:	2018/19 Revenue Budget Report for Public Health
Report From:	Director of Public Health and Director of Corporate Resources – Corporate Services

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1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The revised revenue budget for 2017/18 as set out in Appendix 1.
- 1.2. The summary revenue budget for 2018/19 as set out in Appendix 1.

2. Executive Summary

- 2.1. The purpose of this report is to set out proposals for the 2018/19 budget for Public Health in accordance with the Councils Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017.
- 2.2. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity is well documented. It involves planning ahead of time, making savings in anticipation of need and using those savings to help fund transformational change to generate the next round of savings.
- 2.3. In line with the financial strategy that the County Council operates, which works on the basis of a two year cycle of delivering departmental savings to close the anticipated budget gap, there is no savings target set for departments in 2018/19. Any early achievement of resources from proposals during 2018/19 as part of the Transformation to 2019 (Tt2019) Programme will be retained by departments to use for cost of change purposes.

- 2.4. The report also provides an update on the financial position for the current year within the context that the Public Health grant has been reduced by a further 2.5%, (£1.32m) in 2017/18. Overall the outturn forecast for the Department for 2017/18, is a budget under spend of £0.39m. Although, it should be noted that the budget for 2017/18 includes a draw from the Public Health reserve of £1.27m.
- 2.5. The proposed budget for 2018/19 analysed by service is shown in Appendix 1.
- 2.6. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2017/18 and detailed service budgets for 2018/19 for Public Health. The report has been prepared in consultation with the Executive Member and will be reviewed by the Health and Adult Social Care Select Committee. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.

3. Context and Priorities

- 3.1. The current financial strategy which the County Council operates works on the basis of a two year cycle of delivering departmental savings targets to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the Grant Equalisation Reserve (GER) with any early achievement of savings proposals retained by departments to use for cost of change purposes, cashflow the delivery of savings or offset service pressures.
- 3.2. The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2018/19, giving itself the time and capacity to develop and implement the Tt2019 Programme to deliver the next phase of savings totalling £140m. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community. Consequently there are no departmental savings targets built into the 2018/19 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
- 3.3. In 2016 the Local Government Finance Settlement provided definitive figures for 2016/17 and provisional figures for local authorities for the following three years to aid financial planning for those authorities who could 'demonstrate efficiency savings'. Following acceptance by the Department for Communities and Local Government (DCLG) of the County Council's Efficiency Plan for the period to 2019/20 the expectation was for minimal change for 2018/19 and 2019/20. No figures have been published beyond this date and there remains uncertainty around the Fair Funding Review and the future of 100% Business Rate Retention.
- 3.4. The Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017 flagged that the Budget in November might

contain some additional information that could impact our planning assumptions, for example around public sector pay and council tax referendum limits.

- 3.5. In overall terms, the announcements in the Budget had very little impact on the revenue position reported in the MTFS, although there were some welcome announcements in respect of the Community Infrastructure Levy and Section 106 Developer Contributions.
- 3.6. Since the Budget was announced there has been a two year pay offer for local government workers, which includes a 'core' increase of 2% and changes to the lower pay scales to reflect the impact of the National Living Wage. The overall increase in the pay bill could be in the region of 6% over the two years, and is above the allowances made within the MTFS. Depending on the final pay award that is agreed this could mean additional recurring costs of circa £5m will need to be met.
- 3.7. The offer of a four year settlement provided greater but not absolute funding certainty and the provisional Local Government Settlement announced on 19 December confirmed the grant figures for 2018/19 in line with the four year settlement. The other key elements of the provisional settlement were:
 - The 'core' council tax referendum limit was increased from 2% to 3% for all authorities for the next two years (each 1% increase in council tax equates to approximately £5.7m). The arrangements for the social care precept remain unchanged.
 - Ten new 100% Business Rate Pilots were announced, one of which was for Portsmouth, Southampton and Isle of Wight Unitary Councils.
 - A Fair Funding Review consultation was announced as part of the settlement which is expected to be implemented in 2020/21.
 - A potential move to at least 75% Business Rate Retention is also planned for 2020/21, but still on the basis of fiscal neutrality.
 - No new announcements of funding for social care above those that we are already aware of but the Green Paper for adult social care is due to be published in summer 2018.
- 3.8. The key announcement related to the new referendum limit for council tax and this will be considered by Cabinet as part of the budget setting process in February.
- 3.9. The Public Health team has been developing its service plans and budgets for 2018/19 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below.

4. Departmental Challenges and Priorities

- 4.1. The Health and Social Care Act (2012) transferred responsibility for the local leadership of public health from the NHS to upper tier and unitary authorities and conferred on them a new duty to take appropriate steps to improve the health of the people in their area.
- 4.2. A ring-fenced public health grant enables local authorities to discharge this responsibility. In December 2017 it was announced that the current ring-fence will be maintained until 31st March 2020.
- 4.3. As per the November 2015 spending review, there has been, since 2015/16, a programme of reductions in the public health grant allocation for Hampshire County Council. The total confirmed cash reduction in grant allocation since 2015/16 up to and including 2017/18 was £5.61m with further reductions planned of £1.34m in 2018/19 and a final reduction of £1.34m in 2019/20. The programme of grant reduction is expected to total £8.29m by 2019/20 when the remaining grant will be £49.49m.
- 4.4. On 21st December 2017, as part of the provisional Local Government Finance Settlement, it was confirmed that the reduction in the Public Health grant for Hampshire in 2018/19 would be £1.34m with the final reduction for 2019/20 of £1.34m remaining indicative.
- 4.5. Since 2015/16, against the programmed reduction in grant of £8.29m the Public Health team has identified budgeted savings of £4.90m up to and including the 2018/19 budget reported here. The Public Health team continue to develop a programme of work to build upon the efficiencies and savings that have already been achieved to meet the remaining expected saving required of £3.39m.
- 4.6. It should be emphasised that the above are cash reductions in the ring fenced grant. In real terms over the five years the level of reduction is significantly greater. To mitigate this, any inflationary pressures, for example, on staffing costs or existing contracts, have had to be accommodated within the available specific grant income.
- 4.7. A reduction in the public health grant inevitably presents challenges for Public Health and delivery of the Council's public health responsibilities, however, careful planning, delivery and evaluation of evidence-based interventions will ensure that available public health resources are focused on the key public health priority areas identified in the Public Health Strategy 'Towards a Healthy Hampshire' and set out below.
- 4.8. A key priority is to ensure efficient delivery of the public health mandate to best meet the public health needs of Hampshire's residents and to continue to ensure that these services are providing best value for money. These include the mandated services: the National Child Measurement Programme delivered through the enhanced school nursing service; delivering quality assured NHS health checks with the aim of reducing future ill health, particularly dementia and cardio-vascular disease, and the demand for health and social care services; enabling access to comprehensive good value for money sexual health services through recommissioning, providing public health expertise and leadership to

Clinical Commissioning Groups to inform the planning and commissioning of health services and health protection responsibilities.

- 4.9. The focus on improved outcomes and increased quality in the public health commissioned services remains a priority to ensure effective use of the public health grant for the residents of Hampshire.
- 4.10. There is compelling evidence that what happens at the start of life is vital in laying the foundations for good adult outcomes. The Healthy Child Programme (0-19) is an evidence based universal prevention and early intervention public health programme that is offered to all families. These services are supported by a mandate that requires universal delivery of five key child development reviews. It supports parents and promotes child development, leading to improved child health outcomes and reduced inequalities while ensuring that families at risk are identified at the earliest opportunity. To ensure that we get the best outcomes for children and families the PH team is working in partnership with Children's services and NHS colleagues to transform and integrate services for children and young people and their families. Effective use of resources to maximise the universal nature of the service, to get the best possible outcomes in the six high impact areas, focus on prevention, and early identification of children and families at risk of future health and social problems is a priority for public health. The proportion of our population making unhealthy lifestyle choices and the impact on their future health and care needs remains a real public health challenge. These choices are already having an impact on public services and lead to considerable costs to the system. This is likely to get worse over time. Focusing on prevention and making a healthy lifestyle 'the norm' for people of all ages is key to keeping people healthy, in employment and independent for longer and to reducing future demand for services. We continue to work to achieve this through appropriate nutrition, reducing obesity, promoting physical activity and supporting people to stop smoking and to drink sensibly. For children and young people this is delivered as part of the Healthy Child Programme by the Public health school nursing service.
- 4.11. With an increasingly older population tackling social isolation and malnutrition, preventing falls and maintaining mobility in our vulnerable and older residents will remain important areas of focus working closely with colleagues in Adult Services and the Demand Management and Prevention Programme.
- 4.12. Domestic abuse is a serious public health problem and through leadership and joint commissioning at a local level we have been able to reshape victim services. This work will continue and we will maintain our focus on reducing violence by continuing our leaderships of the Hampshire Domestic Abuse strategy.
- 4.13. Poor mental health represents a significant burden of disease and increases the risk of developing physical illness. We will continue our work to improve the mental wellbeing of our communities and the focus on preventing suicide. An EU partnership grant focusing on improving male health is enhancing our capacity in this important area. Promoting

emotional wellbeing, resilience and good mental health in children is a priority for both our health visiting (through action on maternal mental health and promoting attachment) and school nursing services. The delivery of an updated Emotional Health and Wellbeing Strategy for children and young people will help to drive this agenda forward.

- 4.14. The substance misuse service delivers a robust drug and alcohol treatment system that fully meets the diverse needs of the Hampshire population and empowers and enables people to recover from alcohol and/or drug dependency. Through a transformation programme a new service will be procured to commence in 2018. Work continues to support responsible drinking and promote safe and healthy places for people to live and work.
- 4.15. Sexual Health services and substance misuse services, being demand led, are challenged by the number of patients requiring this service, however are continuing to meet the demand for the service provision through transformation and shifting more activity from face to face to digital interventions.
- 4.16. The Director of Public Health continues to deliver the Health Protection responsibilities through partnership work with Public Health England and NHS England.
- 4.17. Public Health will contribute to the 'Transforming the Council to 2019' Programme and explore how this contribution can be enhanced, for example through working to align public health services for children with children's services, the transformational programme to drive out efficiencies in sexual health and other existing public health services, delivery of the agreed re-procurement schedule to maximise the value and quality of commissioned services and providing public health technical expertise to the development of outcome measures and the evaluation of interventions in the programme.
- 4.18. Through the Hampshire and Isle of Wight Sustainability and Transformation Partnership there has been renewed focus on leadership of prevention in the NHS.
- 4.19. In October 2016 the Public Health team and Adult Services Department were joined to form the new Adults' Health and Care Department. Although Public Health is reported in detail within this report the position is summarised within the Adult Social Care report to provide a departmental wide view for Adults' Health and Care.

5. 2017/18 Revenue Budget

- 5.1. The cash limited budget for 2017/18 was set to fully utilise the ring-fenced government grant for Public Health, together with planned use of £1.27m of the Public Health Reserve.
- 5.2. Enhanced financial resilience reporting, which looks not only at the regular financial reporting carried out in previous years but also at potential pressures in the system and the achievement of savings being delivered

through transformation, has continued through regular reports to the Corporate Management Team (CMT) and periodic reports to Cabinet.

- 5.3. The expected outturn forecast for 2017/18 is a budget under spend of £0.39m. This under spend has been achieved by planned work to deliver efficiencies and innovation within existing services in advance of future reductions in funding. This work has included holding vacancies in the Public Health team, and making reductions in contractual and non contractual spend.
- 5.4. The 2017/18 closing balance of the Public Health Reserve, after budgeted use of £1.27m was anticipated to be £6.14m. In light of the early realisation of savings plans it is now forecast that the balance at year end will be £6.53m.
- 5.5. The budget for Public Health has been updated throughout the year and the revised budget is shown in Appendix 1.

6. 2018/19 Revenue Budget Pressures and Initiatives

- 6.1. For budget planning purposes, the provisional figure for the ring-fenced Government grant for Public health for 2018/19 had been assumed. This position was subsequently confirmed within the provisional Local Government Finance Settlement on 21st December. The confirmed grant allocation for 2018/19 is £50.83m for Hampshire County Council, which represents a reduction of £1.34m from the grant awarded for 2017/18. As outlined in paragraph 4.4 above, further reductions are anticipated for future years. To meet this challenge, the service has been reviewing and re-procuring existing service and contractual commitments to ensure the best use of resources to optimise outcomes for the residents of Hampshire within a reducing Government grant.
- 6.2. The 2018/19 budget is based on the utilisation of £2.05m of the Public Health Reserve to meet the difference between the grant funding and the planned expenditure of £52.88m for the year. The budgeted use of the Public Health Reserve for 2018/19 coupled with the 2017/18 forecast underspend, leaves an anticipated £4.48m within the Public Health Reserve available from 2019/20. This will be utilised to provide short term one-off funding allowing time to further review existing contracts and drive out more sustainable efficiencies.

7. Revenue Savings Proposals

- 7.1. The Public Health team have continued to develop savings in the light of the reducing government grant. The review and re-procurement of existing service and contractual commitments is an on-going process, and has resulted in savings in contract values for 2018/19 that have been built into the budget position. Total net savings of £0.58m have been identified and included within the 2018/19 budget.

- 7.2. Rigorous monitoring of the delivery of the programme will continue during 2018/19, to ensure that Public Health is able to stay within its cash limited budget as set out in this report.
- 7.3. This action in developing and implementing the savings programme for 2018/19 means that the County Council is in a strong position for setting a balanced budget in 2018/19. In addition, plans to deliver further savings beyond 2018/19 is being finalised by Public Health. The following table shows the level of savings targeted in each of the next four years (further to those already included within the proposed 2018/19 budget), the gap in funding and the subsequent required draw from the Public Health Reserve.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Targeted Saving Profile	0	(0.35)	(3.39)	(3.39)
Funding Gap	2.05	3.39*	3.39	3.39
Draw on Public Health Reserve	2.05	3.04	0	0
Closing Balance Public Health Reserve	4.48	1.44	1.44	1.44

* Includes the final grant reduction of £1.34m.

- 7.4. By 2020/21 it is anticipated that the Public Health budget will be within the notional available funding announced in the 2015 Autumn Statement although the targeted savings are loaded toward later years. This is in line with the end dates of the contracts that are planned to be reviewed. In the interim the Public Health Reserve will offset the highlighted funding gap leaving a balance of £1.44m unallocated which will be available to meet any additional project costs associated with driving out the savings.

8. Budget Summary 2018/19

- 8.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The cash limit for Public Health in that report was £52.88m which was a £0.56m decrease on the previous year.
- 8.2. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Public Health for 2018/19 and show that these are within the cash limit set out above.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes/No
People in Hampshire live safe, healthy and independent lives:	Yes/No
People in Hampshire enjoy a rich and diverse environment:	Yes/No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes/No

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Health and Public Health) http://democracy.hants.gov.uk/documents/s6200/2017-09-21%20-%20Transformation%20to%202019%20Revenue%20Savings%20Proposals%20Report_HF000014712061.pdf	21 September 2017
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals (Cabinet) http://democracy.hants.gov.uk/documents/s8298/Decision%20Record.pdf	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19 (Cabinet) http://democracy.hants.gov.uk/documents/s9665/Budget%20Report.pdf	11 December 2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
None	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

The budget setting process for 2018/19 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2019 Programme were considered in detail as part of the approval process carried out in October and November 2017 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 4 to 7 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/mgAi.aspx?ID=3194#mgDocuments>

2. Impact on Crime and Disorder:

2.1 The proposals in this report are not considered to have any direct impact on the prevention of crime, but the County Council through the services that it provides through the revenue budget and capital programme ensures that prevention of crime and disorder is a key factor in shaping the delivery of a service / project.

Climate Change:

- How does what is being proposed impact on our carbon footprint / energy consumption?

No impact has been identified.

- How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The County Council in designing and transforming its services will ensure that climate change issues are taken into account.

Budget Summary 2018/19 – Public Health

Service Activity	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
*Central	2,595	2,595	2,710
Information and Intelligence	32	32	22
Nutrition	1,188	1,188	959
Drugs and Alcohol	9,357	9,357	9,278
Tobacco	2,109	2,109	2,109
Dental	180	180	180
Children 5 - 19	4,036	4,036	4,036
*Children under 5	16,566	16,566	16,566
*Health Checks	1,447	1,447	1,447
**Misc Health Improvements and Wellbeing	5,771	5,771	5,697
*Sexual Health	10,130	10,130	9,843
Emergency Preparedness and Responsiveness	0	0	0
Health Protection	29	29	29
Transitional Costs	0	0	0
Net Cash Limited Expenditure	53,440	53,440	52,876

*Includes mandated services.

**Specific services include

- Domestic abuse services
- Mental Health promotion
- Some Children's and Youth PH services