

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Public Health
Date:	15 January 2020
Title:	2020/21 Revenue Budget Report for Public Health
Report From:	Director of Public Health and Deputy Chief Executive and Director of Corporate Resources

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2020/21 budget for Public Health in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2019.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2019/20 as set out in Appendix 1.
3. The summary revenue budget for 2020/21 as set out in Appendix 1, subject to approval by Cabinet of the provisional cash limits.

Section C: Executive Summary

4. The deliberate strategy that the County Council has followed to date for dealing with grant reductions and the removal of funding that was historically provided to cover inflation, coupled with continued demand pressures over the last decade is well documented. It involves planning ahead of time, through a two-yearly cycle, releasing resources in advance of need and using those resources to help fund transformational change.

5. This strategy has served the County Council, and more particularly its services and community well, as it has delivered transformation programmes on time and on budget with maximum planning and minimum disruption. Put simply, it is an approach that has ensured Hampshire County Council has continued to avoid the worst effects of funding reductions that have started to adversely affect other local authorities and enabled us to sustain some of the strongest public services in the country.
6. In line with this strategy there will be no new savings proposals presented as part of the 2020/21 budget setting process. Savings targets for 2021/22 were approved as part of the Medium Term Financial Strategy (MTFS) in July 2018 and detailed savings proposals have been developed through the Transformation to 2021 (Tt2021) Programme which were agreed by Cabinet and County Council during October and November last year. Any early achievement of resources from proposals during 2020/21 as part of the Tt2021 Programme will be retained by departments to use for cost of change purposes.
7. Alongside this, delivery of the Transformation to 2019 (Tt2019) Programme continues. The anticipated delay to delivery of some elements of the programme has been factored into our financial planning and whilst sufficient one-off funding exists both corporately and within departments to meet any potential gap over the period, the need to commence the successor programme does mean that there will be overlapping change programmes.
8. 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 2.7% (£1.3m) in 2019/20. Overall the outturn forecast for the Department for 2019/20 is a budget under spend of £0.1m. Although it should be noted that the budget for 2019/20 includes a draw on the Public Health reserve of £2.9m.
9. The proposed budget for 2020/21 analysed by service is shown in Appendix 1.
10. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2019/20 and detailed service budgets for 2020/21 for Public Health. The report has been prepared in consultation with the Executive Member and will be reviewed by the Health and Social Care Select Committee. It will be reported to the Leader and Cabinet on 3 February 2020 to make final recommendations to County Council on 13 February 2020.

Section D: Contextual Information

11. The current financial strategy which the County Council operates, works on the basis of a two year cycle of delivering change to release resources and close the anticipated budget gap. This provides the time and capacity to properly deliver major transformation programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of

change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.

12. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2020/21, giving itself the time and capacity to develop and implement the Transformation to 2021 (Tt2021) Programme to deliver the next phase of savings totalling £80m. 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 2020/21 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
13. The Spending Round 2019 (SR2019) announcement took place on 4 September and the content of the proposed settlement and the issues it addressed were pleasing to see as they mirrored the key issues that we have been consistently raising for some time directly with the Government and through our local MPs.
14. In overall terms, there was a net resource gain to the County Council, albeit that is only for one year at this stage. However, the cost pressures we face, particularly in adults' and children's social care services are significantly outstripping the forecasts that were included in the original Tt2021 planning figures.
15. Without the additional injection of funding, the County Council would have faced a revised deficit position of nearly £106m by 2021/22, but the additional resources bring us back to a broadly neutral position. It is worth highlighting that the additional grant from the £1bn plus the 2% adult social care precept generates additional resources of around £29m for the County Council, but this must be measured against growth pressures and inflation across adults' and children's social care services which total nearly £57m for 2020/21 alone.
16. The Autumn Budget which was planned for 6 November was cancelled and it is now anticipated that there will be a Budget in Spring 2020. The provisional Local Government Finance Settlement was announced on 20 December 2019 and confirmed the grant figures and council tax thresholds for 2020/21 in line with the SR2019 and the clarification provided in the subsequent technical consultation. The final grant settlement for 2020/21 is not due out until this report has been dispatched, however it is not anticipated that there will be any major changes to the figures that were released in December 2019.
17. The Public Health team have been developing its service plans and budgets for 2020/21 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.

Section E: Departmental Challenges and Priorities

18. 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.
19. Historically the ring-fenced Public Health grant enabled local authorities to discharge this responsibility. In December 2017 it was announced that the current ring-fence would cease from 2020/21. At this time, whilst there has not been an official formal notification to the contrary it remains uncertain that the ring-fence will be removed from April 2020. The removal of the ringfence thereof continues to be the plan on which the future financial position for Public Health in 2020/21 is based upon.
20. 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 from the 2015/16 baseline up to and including 2019/20 was £8.3m with no further cash reduction planned for 2020/21 as outlined in the table below.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
% Cash reduction	-6.20%	-2.30%	-2.50%	-2.60%	-2.60%	0.00%
£M HCC allocation reduction	-£3.05	-£1.24	-£1.32	-£1.34	-£1.34	£0
£M HCC allocation	£46.16	£53.49*	£52.17	£50.83	£49.49	£49.49

*2016/17 includes an increase to reflect the full year allocation for the transfer of public health services for children aged 0-5 that began in October 2015.

The level of national grant for 2020/21 is subject to speculation but there has not been formal notification of individual allocations to local authorities to date. The budget has therefore been set on the expectation of a grant equivalent to that received in 2019/20 of £49.5m.

21. Since 2015/16, against the programmed reduction in grant of £8.3m, the Public Health team are forecast to deliver £2.1m in 2020/21, (bringing the total to £7.9m) in addition to delivering Tt2021 savings of £1.3m. In cash terms the total saving in year will equate to £3.4m. The Public Health team have developed a programme of work to build upon the efficiencies and savings that have already been achieved to meet the remaining saving of £2.5m to offset the grant reduction during 2020/21 and 2021/22 in addition to delivering the total Tt2021 savings of £6.8m by 2022/23.
22. It should be emphasised that the above are cash reductions of £8.3m 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.

23. The recent reduction in the Public Health grant and the programmed Tt2021 savings inevitably presents challenges for delivery of the County Council's core public health responsibilities and for wider work to improve the public's health. Careful planning, delivery and evaluation of evidence-based interventions will ensure that the available public health resources are focused on the key public health priority areas identified in the Public Health Strategy 'Towards a Healthier Hampshire', and these are set out below.
24. 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, (NCMP) delivered through the school nursing service; delivering quality assured NHS health checks with the aim of both 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 transformation providing public health expertise and leadership to NHS commissioners and the Sustainability and Transformation Partnership (STP) to inform the planning and commissioning of health services and delivering health protection responsibilities.
25. A focus on improved outcomes and increased quality in the public health commissioned services remains a priority alongside leadership of public health for Hampshire.
26. 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 Public Health team is working in partnership with Children's Services and NHS colleagues to transform and provide collaborative services for children and young people and their families. Effective use of resources will help to maximise the universal nature of the service, as well as to provide an enhanced offer to vulnerable families, 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. The Public Health nursing service has recently been recommissioned with a view to supporting Hampshire's vulnerable families at a time of resource constraint. This will be led through an active partnership between commissioner and provider.
27. The proportion of our population making unhealthy lifestyle choices, which will impact on their future health and care needs, remains a real public health challenge in Hampshire. These choices already have 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. The Stop Smoking Service focuses on both the whole population and aims to increasing quit rates, especially in vulnerable individuals and communities. This requires strategic leadership and collaboration to change the system alongside effective services for the population.

28. With an increasingly older population, tackling social isolation and malnutrition, preventing falls and maintaining mobility in our vulnerable and older residents remain important areas of focus for our work with colleagues in Adult Social Care and for the Demand Management and Prevention Programme.
29. Public Health leadership of violence reduction has further progressed with leadership of the local Violence Reduction Unit for Hampshire. This sees the team working closely with the Office of the Police and Crime Commissioner and Hampshire Constabulary. Domestic abuse is a serious public health problem; Public Health leadership of the strategic partnership is driving work across the system to reduce domestic abuse. The Domestic Abuse service for victims and perpetrators provides further impetus to this work and has an increased focus on reducing the impacts of domestic abuse on children to prevent long term sequelae and impact.
30. Poor mental health represents a significant burden of disease in the County and increases the risk of developing physical illness and of premature mortality. 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. An updated Emotional Health and Wellbeing Strategy for children and young people has recently been published. Partnership working across the County Council, the NHS, voluntary sector and service users will help to drive this agenda forward.
31. 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 the service will take a family approach and deliver a comprehensive treatment service. Wider system work continues to support responsible drinking and promote safe and healthy places for people to live and work.
32. Sexual Health services and substance misuse services, being demand led, are challenged by the number of patients requiring these services. However, they are continuing to meet the demand through service transformation and shifting more activity from face to face to digital interventions.

33. The Director of Public Health (DPH) continues to deliver the Health Protection responsibilities through partnership work with Public Health England and NHS England. The Emergency Planning responsibilities are delivered through work with the Emergency Planning teams in the County Council and wider Local Resilience Forum (LRF) partners.
34. To ensure delivery of the Joint Strategic Needs Assessment on behalf of the Hampshire Health and Wellbeing Board the team continues deliver key analysis for partners including working with the developing Primary Care Networks. Our leadership of Population Health Management will enable more effective delivery of healthcare for the system.
35. Nationally and within the Hampshire and Isle of Wight STP there is a welcome renewed focus on population health and prevention. The north east of Hampshire is part of the Frimley Integrated Care System where there are similar focuses on population health, prevention and delivery through place. The DPH provides leadership to both these work programmes supported by the Public Health consultant team.
36. Hampshire County Council has now agreed a formal partnership to provide the leadership of public health on the Isle of Wight, (IOW). This arrangement commenced in September 2019 following eighteen months of interim leadership support. The partnership will be reviewed on an ongoing basis and is already demonstrating successes. The partnership has increased Public Health capacity across the councils, maintaining the high quality of services across Hampshire whilst improving the quality of service delivery on the Island.
37. In October 2016 the Public Health team and Adult Services Department were joined to form the 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.

Section F: 2019/20 Revenue Budget

38. The cash limited budget for 2019/20 was set to fully utilise the ring-fenced government grant for Public Health, together with planned use of £2.9m of the Public Health reserve.
39. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
40. The expected outturn forecast for 2019/20 is a budget under spend of £0.1m against the budget that includes both, the in year grant allocation and the budgeted use of £2.9m from the Public Health reserve. In effect this under spend reflects a lower than originally expected draw on the Public Health

reserve and will therefore be reported at year end as a zero variance on the revenue budget with a greater balance being held on the Public Health reserve.

41. As at April 2019, the closing balance of the Public Health reserve was forecast to be £4.6m by 31 March 2020, after budgeted the use of £2.9m in year. In light of the early realisation of savings plans it is now forecast that the balance at year end will be £4.7m.
42. The 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. At the end of 2019/20, it is anticipated that there will be £2.5m outstanding to offset the grant reduction of £8.3m.
43. The budget for Public Health has been updated throughout the year and the revised budget is shown in Appendix 1.

Section G: 2020/21 Revenue Budget Pressures and Initiatives

44. At a national level it has been confirmed that the Public Health grant will increase in line with inflation of 1% and the Department of Health and Social Care's contribution will grow in line with the additional investment in the National Health Service in 2020/21. However, in the absence of confirmed allocations for local authorities, the provisional Public Health grant for 2020/21 had been assumed as the starting point for this budget setting round. The provisional grant allocation for 2020/21 is £49.5m for Hampshire County Council, which represents a cash neutral position from the grant awarded for 2019/20. Should the grant allocation increase from this level this will be reflected within the Public Health budget for 2020/21 at a later date.
45. Whilst further cash reductions in grant are not anticipated for future years it is anticipated that Tt2021 savings of £1.3m will be delivered during 2020/21 in line with the programme targets and is reflected as such within the proposed 2020/21 budget. To meet the challenge presented by the confirmed reductions in the Public Health grant, 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.
46. The 2020/21 budget is based on the utilisation of £0.7m of the Public Health reserve to meet the difference between the grant funding and the planned one off and recurring expenditure of £50.2m for the year. The budgeted use of the Public Health reserve for 2020/21 coupled with the 2019/20 forecast under spend, leaves an anticipated £4.0m within the Public Health reserve available from 2020/21. This will be utilised to provide short term one-off funding allowing time to further review existing contracts and drive out more sustainable efficiencies as required by Tt2021.

47. At the end of 2020/21 it is forecast that £2.1m of additional savings will be achieved to offset the grant reductions bringing the cumulative total to £7.9m out of the £8.3m required. This saving will be achieved alongside delivery of Tt2021 programmed savings of £1.3m.
48. The remaining saving of £0.4m to offset the grant reductions will be achieved during 2021/22 whilst the remaining Tt2021 saving of £5.5m will be achieved by 2022/23.

Section H: Revenue Savings Proposals

49. In line with the current financial strategy, there are no new savings proposals presented as part of the 2020/21 budget setting process. Savings targets for 2021/22 were approved as part of the MTFS by the County Council in July 2018. Savings proposals to meet these targets have been developed through the Tt2021 Programme and were approved by Executive Members, Cabinet and County Council in October and November last year.
50. Some savings will be implemented prior to April 2021 and any early achievement of savings in 2020/21 can be retained by departments to meet cost of change priorities. It is anticipated that £1.3m of savings will be achieved in 2020/21 and this has been reflected in the detailed estimates contained in Appendix 1.
51. There has not been any formal announcement regarding the status of the Public Health grant in 2020/21. Should it be announced that the ring-fence remains in 2020/21 the approach required to meet the Tt2021 savings will need to be reviewed.

Section I: Budget Summary 2020/21

52. The budget update report will be presented to Cabinet on 6 January and includes provisional cash limit guidelines for each department. The cash limit for Public Health in that report is £50.2m, a £2.2m decrease on the previous year.
53. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Public Health for 2020/21 and show that these are within the provisional cash limit set out above.

REQUIRED CORPORATE AND 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> Transformation to 2021 – Revenue Savings Proposals (Executive Member for Public Health) http://democracy.hants.gov.uk/documents/s38107/Report.pdf Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals http://democracy.hants.gov.uk/documents/s39439/MTFS%20Tt2021%20Report.pdf Budget Setting and Provisional Cash Limits 2020/21 (Cabinet) http://democracy.hants.gov.uk/documents/s42775/Dec%20Report%20-%20Cabinet%20-%20FINAL.pdf	<u>Date</u> 16 September 2019 Cabinet – 15 October 2019 County Council – 7 November 2019 6 January 2020
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

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.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) 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 protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are 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 in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

The budget setting process for 2020/21 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 2021 Programme were considered in detail as part of the approval process carried out in October and November 2019 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 5 to 8 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/documents/s39444/Appendix%205%20ASC%20EIAs.pdf>

APPENDIX 1

Budget Summary 2020/21 – Public Health

Service Activity	Original Budget 2019/20 £'000	Revised Budget 2019/20 £'000	Proposed Budget 2020/21 £'000
Children and Young People (*)	23,800	23,800	22,667
Infection Prevention and Control	5	5	5
Mental Health and Wellbeing	2,121	2,121	1,921
Older People	866	866	866
Central (*)	2,924	2,924	2,814
Information and Intelligence	16	16	17
Nutrition, Obesity and Physical Activity	515	515	515
Drugs and Alcohol	9,245	9,245	8,576
Tobacco	2,209	2,209	2,209
Dental	180	180	180
Health Checks (*)	1,211	1,211	1,211
Misc Health Improvements and Wellbeing (**)	108	108	108
Sexual Health (*)	9,218	9,218	9,130
Net Cash Limited Expenditure	52,418	52,418	50,219

* Includes mandated services

** Specific services include:

- Domestic abuse services
- Mental Health promotion
- Some Childrens' and Youth Public Health services