

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Public Health
Date:	16 January 2019
Title:	2019/20 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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1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The revised revenue budget for 2018/19 as set out in Appendix 1.
- 1.2. The summary revenue budget for 2019/20 as set out in Appendix 1.

2. Executive Summary

- 2.1. The purpose of this report is to set out proposals for the 2019/20 budget for Public Health in accordance with the Councils Medium Term Financial Strategy (MTFS) approved by the County Council in September 2018.
- 2.2. 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.
- 2.3. 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 allowing maximum planning time and minimising 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 blight other local authorities.
- 2.4. In line with this financial strategy there were no new savings proposals presented as part of the 2018/19 budget setting process and the budget was balanced through the use of the Grant Equalisation Reserve (GER). Targets

for 2019/20 based on a reduction of approaching 19% in cash limited spend, were approved by the County Council in July 2016 as part of the MTFs to 2020. Proposals to meet these targets were approved by Executive Members, Cabinet and County Council in October and November 2017 and are being implemented through the Transformation to 2019 (Tt2019) Programme.

- 2.5. 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 2.6%, (£1.34m) in 2018/19. Overall the outturn forecast for the Department for 2018/19 is a budget under spend of £0.7m. Although, it should be noted that the budget for 2018/19 includes a draw on the Public Health Reserve of £2.0m.
- 2.6. The proposed budget for 2019/20 analysed by service is shown in Appendix 1.
- 2.7. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2018/19 and detailed service budgets for 2019/20 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 1 February 2019 to make final recommendations to County Council on 14 February 2019.

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 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 Grant Equalisation Reserve (GER) 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.
- 3.2. The County Council's strategy placed it in a very strong position to produce a 'steady state' budget for 2018/19 and safely implement the next phase of changes through the Transformation to 2019 (Tt2019) Programme to deliver savings totalling £140m.
- 3.3. The Tt2019 Programme is progressing well and to plan, but it is clear that bridging a further gap of £140m is extremely difficult and will take longer to achieve in order to avoid service disruption. The Chief Executive's report entitled Transformation to 2019 – Report No. 5 was presented to Cabinet in December 2018 and outlined the positive progress being made.
- 3.4. The anticipated delay in the delivery of some elements of the programme has been factored into our medium term planning to ensure that sufficient one-off funding exists both corporately and within departments to meet any potential gap over the period. Taking up to four years to safely deliver service changes rather than being driven to deliver within the two year financial target requires the careful use of reserves as part of our overall financial strategy and further emphasises the value of our reserves strategy.
- 3.5. Budget setting for 2019/20 will therefore be different in that the majority of decisions in respect of major changes to the budget were taken early.

However other factors will still affect the budget, such as council tax decisions and inflation, but these will not be as significant as the transformation programme that has already been put in place.

- 3.6. The MTFs approved by the County Council in September 2018 flagged that the expectation was for minimal change to the provisional Local Government Finance Settlement for 2019/20, the final year of the Comprehensive Spending Review (CSR). However, it was acknowledged that the Budget in the autumn could potentially contain some additional information that could impact our planning assumptions.
- 3.7. 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 one off additional funding for both adults' and children's social care and for highways. Although this funding falls far short of the amount required and is only one off, it does however signal that some of the pressures on local government are being recognised by the Treasury and the hope is that this will feed through to further changes within next years CSR.
- 3.8. The provisional Local Government Settlement announced on 13 December confirmed the grant figures for 2019/20 broadly in line with the four year settlement and there has been no change to the council tax thresholds, with the exception of the police precept. The other key elements of the provisional settlement were:
 - The County Council's Revenue Support Grant (RSG) was reduced to zero in 2019/20 as part of the original four year settlement. On top of this a further £1.6m was lost as a result of 'negative RSG' which reduced the top up grant from business rates. The Government has announced that there will be no 'negative RSG' in 2019/20 and this therefore represents a benefit of £1.6m to the County Council next year.
 - A £180m surplus from the business rates levy account will be distributed pro rata to the Settlement Funding Assessment (SFA) which is a proxy for the relative need of each local authority - the County Council's allocation is £1.8m.
 - The continuation of 100% pilots in Devolution Deal Areas and fifteen 75% business rates retention pilots. Hampshire County Council's bid was unsuccessful but Portsmouth, Southampton and the Isle of Wight have had their existing pilot extended, albeit at a lower retention level (2018/19 was 100% retention).
 - £20m has been added to the settlement to maintain the New Home Bonus (NHB) baseline at 0.4% (only growth in new homes above this baseline level attract the NHB). Hampshire will receive approaching £4.9m from the NHB and this is already factored into the MTFs for next year.
 - The provisional settlement confirmed the allocations of adult social care funding announced in the Budget but the Green Paper for adult social care which was originally due to be published in summer 2018 has been delayed further until next year.
- 3.9. The Public Health team have been developing its service plans and budgets for 2019/20 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 ringfence will be maintained until 31 March 2020 and there has not been a change in this formal position since. This therefore continues to be a key assumption on which the future financial position for Public Health is based upon.
- 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 2018/19 was £6.95m with a further final reduction planned 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 20 December 2018, it was confirmed that the reduction in the Public Health grant for Hampshire in 2019/20 would be £1.34m. The indicative position for 2020/21 remains in line with the announcement in November 2015 in that the grant would be maintained, in cash terms, to the amount announced for 2019/20.
- 4.5. Since 2015/16, against the programmed reduction in grant of £8.29m, the Public Health team are forecast to achieve budgeted savings of £5.82m up to and including the 2019/20 budget reported here. 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 expected saving required of £2.47m by 2021/22.
- 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. The further reduction in the Public Health grant inevitably presents challenges for delivery of the 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.
- 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, (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 to inform the planning and commissioning of health services and delivering health protection responsibilities.

- 4.9. A focus on improved outcomes and increased quality in the public health commissioned services remains a priority alongside leadership of public health for 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 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.
- 4.11. 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. 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. This requires strategic leadership and collaboration to change the system alongside effective services for the population.
- 4.12. 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.
- 4.13. 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 recently recommissioned 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.
- 4.14. 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. Delivery of the updated Emotional Health and Wellbeing Strategy for children and young people will help to drive this agenda forward.

- 4.15. 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 newly recommissioned 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.
- 4.16. 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.
- 4.17. The Director of Public Health (DPH) continues to deliver the Health Protection responsibilities through partnership work with Public Health England and NHS England and to ensure delivery of the Joint Strategic Needs Assessment on behalf of the Hampshire Health and Wellbeing Board.
- 4.18. Nationally and within the Hampshire and Isle of Wight Sustainability and Transformation Partnership there is a welcome renewed focus on population health and prevention. The DPH provides leadership to this work programme supported by the Public Health consultant team.
- 4.19. Hampshire County Council agreed an interim partnership to provide the leadership of public health on the Isle of Wight, (IOW). This arrangement was set up in January 2018. Following a review of the function and delivery of the responsibilities the two councils are working together on the shared assumption that a long term partnership is viable.
- 4.20. 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.

5. 2018/19 Revenue Budget

- 5.1. The cash limited budget for 2018/19 was set to fully utilise the ring-fenced government grant for Public Health, together with planned use of £2.0m of the Public Health Reserve.
- 5.2. 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.

- 5.3. The expected outturn forecast for 2018/19 is an under spend of £0.7m against the budget that includes both, the in year grant allocation and the budgeted use of £2.0m from the Public Health Reserve. In effect this underspend 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.
- 5.4. As at April 2018, the forecast closing balance of the Public Health Reserve by 31 March 2019, after budgeted use of £2.0m in year was anticipated to be £5.8m. In light of the early realisation of savings plans it is now forecast that the balance at year end will be £6.5m.
- 5.5. 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.
- 5.6. The budget for Public Health has been updated throughout the year and the revised budget is shown in Appendix 1.

6. 2019/20 Revenue Budget Pressures and Initiatives

- 6.1. For budget planning purposes, the provisional ring-fenced Public Health grant for 2019/20 had been assumed. The provisional grant allocation for 2019/20 is £49.49m for Hampshire County Council, which represents a reduction of £1.34m from the grant awarded for 2018/19. As outlined in paragraph 4.4 above, further cash reductions in grant are not anticipated for future years. 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.
- 6.2. The 2019/20 budget is based on the utilisation of £2.93m of the Public Health Reserve to meet the difference between the grant funding and the planned one off and recurring expenditure of £52.42m for the year. The budgeted use of the Public Health Reserve for 2019/20 coupled with the 2018/19 forecast under spend, leaves an anticipated £3.58m 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. 2019/20 Revenue Savings Proposals

- 7.1. The Public Health function is funded in its entirety from the ring-fenced Public Health grant. Due to this unique funding arrangement the Public Health budget was not subject to savings in the same way as other departments within the County Council were for 2019/20, i.e. through the Tt2019 Programme. The Public Health function has been required to reduce expenditure in line with the planned reductions in the level of grant received by the County Council.
- 7.2. As highlighted earlier within this report the total reduction in the grant level since 2015/16 up to and including 2019/20 has been £8.29m. The savings achieved to date and forecast to be achieved in 2019/20 total £5.82m with

£2.47m forecast to be achieved by 2021/22. In the meantime, there are sufficient resources within the Public Health Reserve to offset the pressure generated from the difference between savings achieved and the level of grant up to 2021/22.

- 7.3. 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 2019/20 that have been built into the budget position. Total net savings of £0.92m have been identified and included within the 2019/20 budget.
- 7.4. Rigorous monitoring of the delivery of the programme will continue during 2019/20, to ensure that Public Health is able to stay within its cash limited budget as set out in this report.
- 7.5. This action in developing and implementing the savings programme for 2019/20 means that the County Council is in a strong position for setting a balanced budget in 2019/20. In addition, plans to deliver further savings beyond 2019/20 have been finalised by Public Health. The following table shows the level of savings targeted in each of the next two years (further to those already included within the proposed 2019/20 budget), which will require a subsequent draw from the Public Health Reserve.

	2019/20 £M	2020/21 £M	2021/22 £M
Targeted Saving Profile post 2019/20	0.00	1.99	2.47
Differential between saving achieved and grant reduction requiring draw on Public Health Reserve	2.47	0.48	0.00

- 7.6. By 2021/22 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. After funding both the gap outlined above and currently planned non-recurrent expenditure it is anticipated that by March 2021 there will be a balance of £3.01m on the Public Health Reserve.

8. Budget Summary 2019/20

- 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 £52.4m which was a £0.5m 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 2019/20, including the impact of the 2019/20 pay award, and shows that these budgets are within the cash limit.

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 Public Health) http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=595&MId=3138	21 September 2017
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=3194#mgDocuments	Cabinet - 16 October 2017 County Council – 2 November 2017
Looking Ahead - Medium Term Financial Strategy https://democracy.hants.gov.uk/ieIssueDetails.aspx?IId=10915&PlanId=0&Opt=3#A18687	Cabinet - 18 June 2018 County Council – 20 September 2018
Budget Setting and Provisional Cash Limits 2019/20 (Cabinet) http://democracy.hants.gov.uk/documents/s26900/Budget%20Report.pdf	10 December 2018

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	

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:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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 2019/20 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:

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

No impact has been identified.

- b) 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 2019/20 – Public Health

Service Activity	Original Budget 2018/19 £'000	Revised Budget 2018/19 £'000	Proposed Budget 2019/20 £'000
Drugs and Alcohol	9,278	9,278	9,245
Central (*)	2,710	2,675	2,924
Children 5-19	4,036		
Children under 5 (*)	16,566		
Children and Young People (*)		23,990	23,800
Dental	180	180	180
Health Checks (*)	1,447	1,447	1,211
Health Protection (*)	29		
Information and Intelligence	22	22	16
Infection Prevention and Control		29	5
Mental Health and Wellbeing		1,821	2,121
Misc Health Improvements & Wellbeing (**)	5,697	108	108
Nutrition, Obesity and Physical Activity	959	508	515
Older People		866	866
Sexual Health (*)	9,843	9,843	9,218
Tobacco	2,109	2,109	2,209
Net Cash Limited Expenditure	52,876	52,876	52,418

* Includes mandated services

** Specific services include:

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