

SERVICE COMMITTEE REVIEW OF THE BUSINESS PLAN

To: Health Committee

Meeting Date: 10th July 2014

From: Director of Public Health
Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable **Key decision:** No

Purpose: This report provides the Health Committee with an overview of the Business Planning Process for Public Health

Recommendation:

- a) the Health Committee note the overview and context provided for the 2015-16 Business Plan for Public Health
- b) the Health Committee comment on the approach to savings for Public Health set out in the 2014-15 Business Plan
- c) Officers work with Group Leaders and Members of the Health Committee to develop more detailed proposals for presenting to the Health Committee on 16th October 2014

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|-------------------------|--|
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1. VISION AND PRIORITIES

- 1.1 To ensure that the Council is clear to its residents, partners, and employees about what it wants to achieve within available resources, a vision and set of strategic priorities are set out at the beginning of the Business Plan.
- 1.2 Each year the Council adopts a five year Business Plan, committing to a clear indication of what will happen in years one and two, and indicative proposals for years three to five.
- 1.3 The vision for the Council is: *making Cambridgeshire a great place to call home*, and the three strategic priorities are:
- Developing the local economy for the benefit of all
 - Helping people live healthy and independent lives
 - Supporting and protecting vulnerable people
- 1.4 The Council's Strategic Framework then translates these priorities into more specific objectives and targets for specific service areas. The business planning process is a continual cycle, with services in a constant process of developing and implementing the budget proposals in line with this strategic direction.
- 1.5 It is expected that during this year's business planning process service committees will consider and refresh the sections of the Strategic Framework which apply to them.

2. FINANCIAL OVERVIEW

Business Plan Issues

- 2.1 One of the key reasons for this report is to update Members on the current issues that could affect the Business Plan as agreed by Council in February. No recommendation is required on these issues at this point as it is not proposed to change the cash limits for the current financial year and future years limits will not be altered until the annual review of demography, inflation and service pressures has been undertaken. This will be reported to General Purposes Committee in September for approval by Council.
- 2.2 It is difficult to project the level of demand for services and resources that will be available over the timeframe of the Business Plan but it is important to take a medium term planning view in order to make considered judgements over service resource allocations. Transformation and alternative service delivery models often have a long lead in period which also requires a longer term perspective to ensure that these processes are managed effectively.
- 2.3 The gross budgets for each Service Block identified in the Business Plan are as follows:

| Service Block | 2014-15 £'000 | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Children, Families and Adults | 352,472 | 347,724 | 339,106 | 336,710 | 336,158 |
| Economy, Transport and Environment | 86,962 | 86,025 | 83,849 | 82,368 | 82,106 |

| | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|
| Public Health | 14,482 | 14,774 | 15,074 | 15,312 | 14,856 |
| Corporate and Managed Services | 21,085 | 20,546 | 20,242 | 19,959 | 20,178 |
| LGSS Operational | 24,069 | 24,013 | 23,705 | 23,113 | 22,628 |

- 2.4 The focus for the 2014-15 Business Planning process was to ensure that the Council approved a balanced budget for years one and two of the plan. Focus on the latter years was deemed important for planning purposes but not as essential and therefore there are still some significant savings to be achieved without any additional service/funding pressures that have yet to materialise.

- 2.5 The current level of savings yet to be identified is as follows:

| Service Block | 2014-15 £'000 | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Children, Families and Adults | - | - | 7,807 | 8,352 | 16,661 |
| Economy, Transport and Environment | - | - | 3,800 | 3,037 | 2,667 |
| Public Health | - | - | - | - | - |
| Corporate and Managed Services | - | 371 | 283 | 43 | - |
| LGSS Operational | - | 78 | 27 | 458 | 817 |

- 2.6 Delivering the savings proposals that are already built into the Plan will be significantly challenging and the impact of these should not be underestimated. It is likely that this challenge will only increase as additional service pressures, potential interest rate increases, or potential increases in demography over and above those projected are identified.

- 2.7 Although we are only two months into the new financial year there are a few issues to update Members on that have an impact on the Business Plan bottom line:

2013-14 Service Pressure

- 2.8 Members will recall that during the last financial year a service pressure of £7m was identified within the Older People Service. Some of that was a one off related to the previous financial year and some was as an assessment of increased demand. Using the best information available at the time ourselves and CCS identified that an additional increase in the base funding of the service of £6.5m was required for 2014-15 and beyond.
- 2.9 A more detailed financial analysis of this projection in light of subsequent activity levels, and a detailed a review of year end processes and balance sheet items, has identified that £2.5m of that pressure could not be substantiated. The provision was made in good faith and on the basis of information available at the time but the inclusion increased the level of savings required in order to maintain the Council's over-arching cash limit.
- 2.10 Members could leave this additional resource within the service to mitigate the challenging savings targets within the Older People budget or allocate this sum through the cash limit formula thereby re-directing the resource back to the services from where the original sum was removed to fund this service

pressure. Whatever decision is taken it is recommended that no change is made to the in-year cash limit in order to maintain stability within the service.

Highways Maintenance

- 2.11 The Business Plan includes a programme of funding for Highways Maintenance in the total sum of £90m with the remaining funds being expended over the next three financial years in the total sum of £64m. The Directorate will be bringing forward a paper in the near future to the Service Committee that will recommend a re-phasing of that programme. This will reduce the pressure on the Business Plan for a number of years, albeit the overall funding for the programme remains unchanged.

Basic Need Funding

- 2.12 The Government provide funding support for the delivery of new school places based on a formula. This formula changed for 2014-15 and has significantly reduced the level of funding that is made available to the Council. Representations have been made at a national level in order to address this issue but so far there has been no notification that additional funding will be forthcoming. Although the service continues to press for a solution the Council will need to consider the alternative options in the near future.
- 2.13 This does not affect the 2014-15 programme but the Business Plan has currently identified a shortfall in funding of £16.156m and £13.899m for 2015-16 and 2016-17 respectively. If no additional funding is forthcoming the Council will have to consider whether it wishes to retain the capital programme to its current funding level, by reducing the schools programme or other elements of the programme. Alternatively the Council could meet the shortfall through additional borrowing which would increase the level of revenue savings required in order to fund the capital financing costs.
- 2.14 A detailed paper on the options available to the Council will be brought to a later meeting to both this and the service committee.

Dedicated Schools Grant

- 2.15 The Council currently recovers a contribution from the DSG towards corporate overheads. Having reviewed the legislation it appears that a significant element of what is currently being allocated to this activity needs to be removed. This review is currently in hand but this will create an additional savings pressure on the overall cash limits of the Council.

Business Plan Impact

- 2.16 The financial impact of the above issues is set out in the table below, alongside known changes to funding since the publication of the 2014-19 Business Plan. By application of reserves we have currently been able to smooth the impact of these issues and balance the budget to that set out in the 2014-19 Business Plan, with the obvious exception of the new year 5. Note that the figures show the change on the previous year (i.e., their impact is recurring) and increased income is shown as negative figures.

| Issue | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| 2014-19 Plan budget gap | - | - | - | - | - |
| Changes to expenditure, fees, charges & ring-fenced grants | -2,746 | +733 | -412 | +564 | +19,992 |
| Changes to corporate funding & transfers to/from reserves | +2,746 | -733 | +412 | -564 | -10,504 |
| Current budget gap | - | - | - | - | +9,488 |

Breakdown of changes to expenditure, fees, charges & ring-fenced grants:

| | | | | | |
|--|---------------|-------------|-------------|-------------|----------------|
| New year 5 inflation & demography estimate | - | - | - | - | +19,439 |
| Base adjustments | +100 | - | - | - | - |
| Pressure – Correction to 2014-15 Older People pressure | -2,500 | - | - | - | - |
| Pressure – Legal costs (CFA) | +300 | - | - | - | - |
| Pressure – 2 nd State Pension | - | +1,963 | - | - | - |
| Other pressures | +46 | - | - | - | - |
| Investments | +73 | +274 | +13 | - | - |
| Debt charges – Highways | -765 | -1,504 | -425 | 564 | 553 |
| Total change | -2,746 | +733 | -412 | +564 | +19,992 |

Breakdown of changes to corporate funding & transfers to/from reserves:

| | | | | | |
|----------------------------|---------------|-------------|-------------|-------------|----------------|
| New year 5 funding | - | - | - | - | -5,052 |
| 1.99% Council Tax increase | - | - | - | - | -5,395 |
| Council Tax | -330 | +334 | - | - | - |
| Business Rates | +1,109 | -1,216 | +46 | -69 | +142 |
| RSG & Top-up | +62 | -14 | -35 | +48 | +7 |
| New Homes Bonus | - | +478 | +451 | +357 | +357 |
| Corporate DSG | +1,902 | - | - | - | - |
| Other Corporate Grants | -166 | -315 | +482 | - | - |
| Reserves | +169 | - | -532 | -900 | -563 |
| Total change | +2,746 | -733 | +412 | -564 | -10,504 |

- 2.17 The above figures have made no adjustment in relation to the Basic Need funding shortfall at this point. If no additional funding is forthcoming and Members agree to leave the programme as it is included within the Business Plan there will be an additional budgetary pressure of £400k in 15/16, £1.7m in 16/17 and £2.6m in 17/18.

3. OVERVIEW OF PUBLIC HEALTH

- 3.1 In 2013/14 substantial health improvement responsibilities were transferred to local government. Ring-fenced funding was provided to local authorities to spend on reducing health inequalities and improving the quality of life for local people. Because public health funding in Cambridgeshire was historically low, this included some growth funding to bring Cambridgeshire closer to its 'target' funding, as calculated through the nationally applied allocation formula. This growth funding was allocated to Directorates across the Council to support their work in

- improving health.
- 3.2 The ring-fenced public health was allocated to local authorities under Section 31 of the Local Government Act 2003, with certain conditions attached. The grant's main purpose is to be spent on activities which will improve local people's health and wellbeing and reduce health inequalities, and users of public health services should not be charged. In addition, national regulations state that some mandated public health services must be commissioned in a consistent way across the country.

The mandated services are:

- Steps to be taken to protect the health of the local population
 - Ensuring NHS commissioners receive the public health advice they need
 - Appropriate access to sexual health services
 - The National Child Measurement Programme
 - NHS Health Check assessment
- 3.3 Spending of the public health grant is monitored by the Department of Health and returns are made against the categories of public health programmes which are funded. For example spend is mapped against headings such as 'smoking and tobacco' and 'obesity'
- 3.4 It is important to note that as the public health grant is ring-fenced, savings cannot be made on the overall allocation, and any underspend must be carried forward to the following year.

4. PUBLIC HEALTH FINANCIAL OVERVIEW, APPROACH TO ACHIEVING SAVINGS AND NEXT STEPS

- 4.1 Considerable progress was made during 2013/14 in setting up new financial and contract monitoring processes for budgets and contracts transferred to the local authority, this allowed savings to be built into the Business Planning process.
- 4.2 Because the public health grant is ring-fenced, it is outside the terms of the grant to make savings on the overall allocation. However in order to invest £200k in the strategic priority to procure a county-wide health behaviour change service, it was found to be necessary to make £200k savings within the Public health directorate. These are as follows:
- -£75k for GP Health Inequalities
 - -£48k for Community Sexual Health
 - -£35k for Public Health Intelligence external costs
 - -£40k for Weight Management Services
- 4.3 Health inequalities : funding was historically granted to GP practices to support local health inequalities initiatives. Funding was recently held as contingency, and its objectives would be better achieved through joint working between GP practices and health trainers. Having investigated and reviewed the Health Trainer Service, it is noted that this will provide a more cost effective way of delivery health inequalities initiatives, therefore the saving of £75k will be used to support the expansion of the health trainer service.
- 4.4 Community Sexual Health : a £48k saving has been built into the Sexual

health services procurement. The provider has now been identified as Cambridgeshire Community Services (CCS).

- 4.5 Public Health Intelligence : Public Health in Cambridgeshire Primary Care Trust, granted funds to the Eastern Region Public Health Observatory, which is now part of Public Health England, for support of public health analysis. This can now be released as a saving.
- 4.6 Weight management services: these services are due to go out to procurement very shortly, and as such a saving of £40k will be built into the process at Level 3.
- 4.7 The public health grant remains ring-fenced for 2015/16, although the size of the Cambridgeshire allocation is not yet known, and a more comprehensive and inclusive planning process is proposed.
- 4.8 In order to improve health outcomes for residents, and to assist the Council in its wider public health role, it is proposed that shared priorities be identified for public health outcomes across the Council.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

Effective public health programmes result in a healthier workforce, with reduced sickness absence/people lost to the workforce and increased productivity.

5.2 Helping people live healthy and independent lives

Effective delivery of public health programmes will support this priority.

5.3 Supporting and protecting vulnerable people

Effective delivery of public health programmes will support this priority.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

The purpose of this report is to update the Committee on issues affecting the Council's use of resources.

6.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

6.3 Equality and Diversity Implications

There are no significant implications within this category.

6.4 Engagement and Consultation Implications

There will be consultation during the preparation of the Business Plan

6.5 Localism and Local Member Involvement

There are no significant implications within this category.

6.6 Public Health Implications

Use of the public health grant should maximise the health and wellbeing benefit from the resources used.

| Source Documents | Location |
|--|---|
| Cambridgeshire County Council Business Plan 2014/15 | http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015 |