

**SERVICE COMMITTEE REVIEW OF DRAFT BUSINESS PLANNING PROPOSALS
FOR 2016/17 TO 2020/21**

To: Health Committee

Meeting Date: 21st January 2016

From: Dr Liz Robin
Chris Malyon, Chief Finance Officer

Electoral division(s): All

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

Purpose: This report provides the Committee with an overview of the draft Business Plan Proposals for Public Health grant funded services that are within the remit of the Health Committee.

The report provides a summary of the latest available results from the budget consultation.

- Recommendation:*
- a) It is requested that the Committee note the overview and context provided for the 2016/17 to 2020/21 Business Plan proposals for the Service, updated since the last report to the Committee in November.
 - b) It is requested that the Committee comment on the draft revenue savings proposals that are within the remit of the Health Committee for 2016/17 to 2020/21, and endorse them to the General Purposes Committee as part of consideration for the Council's overall Business Plan, including recommendations for corporate funding headroom outlined in paras 3.6 and 3.7.
 - c) Note the ongoing stakeholder consultation and discussions with partners and service users regarding emerging business planning proposals
 - d) It requested that the Committee endorse the proposed Key Performance Indicators as part of the Strategic Framework alongside the 2016-21 Business Plan

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1. OVERVIEW

- 1.1 The Council's Business Plan sets out how we will spend our money to achieve our vision and priorities for Cambridgeshire. Like all Councils across the country, we are facing a major challenge. Our funding is reducing at a time when our costs continue to rise significantly due to inflationary and demographic pressures. This means that despite the way in which we have been able to stimulate local economic growth, and the improving national economy, the financial forecast for the Council continues to present huge challenges.
- 1.2 The Council has now experienced a number of years of seeking to protect frontline services in response to reducing government funding. Looking back, we have saved £73m in the last two years and are on course to save a further £30m this year (2015/16). As a result, we have had to make tough decisions over service levels during this time. Over the coming five years those decisions become even more challenging. The choices are stark and unpalatable but very difficult decisions will need to be made as the Council has a statutory responsibility to set a balanced budget each year, as well as a duty to provide the best possible services for Cambridgeshire's communities. It is the Chief Finance Officer's statutory role to provide a statement on the robustness of the budget proposals when they are considered by Council in February.
- 1.3 This year the Council has agreed to move towards an outcome-led approach to business planning. This is defined and described through the draft Strategic Framework that was approved by the General Purposes Committee on 20 October this year (<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12221>).
- 1.4 The Strategic Framework sets out the outcomes that the Council will work towards achieving, and the ways of working the Council will adopt, in the face of prolonged and extensive budget pressures. It is not a solution to austerity in itself, but instead it is the approach the Council has taken to best tackle the huge challenges it faces.
- 1.5 Within this new framework, the Council continues to undertake financial planning of its revenue budget over a five year timescale which creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget.
- 1.6 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year, however, projections remain fluid and will be reviewed as more accurate data becomes available.
- 1.7 The main causes of uncertainty are the effects of the Comprehensive Spending Review (CSR) issued on 25 November. Several of the announcements impact on the funding available to, and responsibilities of, local government from 2016/17 onwards, although a consultation document on the grant settlement has been published. Until the detailed Local Government Finance Settlement is issued and can be analyzed we cannot be certain of the impact on the Council. These budget proposals are prepared on the basis of financial modelling that takes into account some announcements from the CSR, but that does not yet take into account the full settlement. It

should be noted that an initial assessment of 2016/17 settlement consultation document suggests that the council is likely to lose an additional £5m of Revenue Support Grant in 2016/17.

A full briefing on the finance settlement is expected to be issued in early January. Once the finance settlement is issued, a full review of our estimates of funding for the five year period will be undertaken, and budget proposals will be reviewed if necessary.

- 1.8 The Council issues cash limits for the period covered by the Business Plan (rolling five years) in order to provide clear guidance on the level of resources that services are likely to have available to deliver services over that period. To maintain stability for services and committees as they build their budgets we will endeavor to minimise variation in cash limits during the remainder of the process unless there is a material change in the budget gap.
- 1.9 The Committee is asked to endorse these proposals for consideration as part of the Council's development of the Business Plan for the next five years.
- 1.10 The Committee has previously received reports from the public consultation carried out as part of this year's business planning process. An updated summary report is attached as Annex D.

2. SUMMARY OF THE DRAFT REVENUE BUDGET

- 2.1 In order to balance the budget in light of the cost and reduced government funding, savings or additional income of £42.9m are required for 2016-17, and a total of £121m across the full five years of the Business Plan. The following table shows the total amount necessary for each of the next five years, split by service block.

Service Block	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Children, Families and Adults	-31,299	-22,175	-16,499	-13,112	-8,048
Economy, Transport and Environment	-6,815	-3,663	-2,856	-2,041	-982
Public Health	-1,979	-1,198	-685	-830	-515
Corporate and Managed Services	-1,892	-1,746	-319	-869	-430
LGSS Operational	-971	-571	-803	-708	-351
Total	-42,956	-29,353	-21,162	-17,560	-10,326

- 2.2 In some cases services have planned to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way. A list of pressures was reported in October, but since then two further pressures have been factored into financial modelling. These further pressures have not required an increase in the total level of savings, as it is anticipated that corporate funding will be available. The pressures are:

Service Block/Description	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
CFA: National Living Wage	4,956	4,861	4,765	4,763	4,833
CST: Apprenticeship Levy	0	500	0	0	0

Budget tables to date had assumed government funding to offset the National Living Wage pressure. The 2016/17 settlement consultation contained no funding for this new burden, however. It is likely that the flexibility for upper-tier councils to raise Council Tax by an additional 2% to support adult social care announced in the Autumn Statement is intended to give councils a means to fund this pressure.

- 2.3 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. Work is still underway to explore any alternative savings that could mitigate the impact of our reducing budgets on our front line services, and business plan proposals are still being developed to deliver the following:

Service Block	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Children, Families and Adults	0	0	0	0	0
Economy, Transport and Environment	0	-1,135	-2,391	-2,041	-982
Public Health	0	0	-755	-912	-562
Corporate and Managed Services	0	0	-285	-827	0
LGSS Operational	0	0	0	0	0
Total	0	-1,135	-3,431	-3,780	-1,544

- 2.4 The level of savings required is predicated on an expected 1.99% increase in council tax each year. This assumption was built into the Medium Term Financial Strategy (MTFS) which was agreed by Full Council. For each 1% more or less that council tax is changed, the level of savings required will change by approximately +/-£2.4m.
- 2.5 Since the reports that were considered by the December service committees, additional funding headroom has been identified as a result of the change in the treatment of Public Health Grant (PHG) funding required by an announcement in the Comprehensive Spending Review. The PHG was ring-fenced for a further two years, which has resulted in an element of the overall savings allocation moving to PHG-funded services in order to ensure total PHG-funded expenditure matches the actual grant. This headroom will allow the removal of a limited number of savings that were originally planned, described in the paragraphs below.
- 2.6 The following savings in ETE were recommended to be removed by Highways & Community Infrastructure and Economy & Environment Committees in December:

Directorate	Committee	Proposal	2016/17 Impact £'000	2017/18 Impact £'000
ETE	HCI	Reactive highway maintenance	452	

ETE	HCI	Cyclic highway maintenance	217	
ETE	HCI	Mobile libraries	55	105
ETE	EE	Fenland Learning Centres		90
ETE	EE	Reduction in Passenger Transport Services	694	
Total			1,418	195

2.7 The following savings are also proposed to be removed or reduced subject to the views of the relevant committees:

Directorate	Committee	Proposal	2016/17 Impact £'000	2017/18 Impact £'000
CFA	CYP	Post-16 home to school transport saving for disadvantaged students	250	
CFA	CYP	Assistant Locality Manager posts in highest need areas	80	
CFA	Adults	Voluntary sector adult mental health contracts	134	
CFA	Adults	Community Equipment	100	
CFA	CYP	Personal budgets for children with disabilities	200	
CFA	CYP	NEET post to partly offset planned reductions	40	
PH	Health	Immunisations programme promotion	20	
PH	Health	Joint health intelligence unit with NHS/ reduced JSNA work	50	
PH	Health	Health visiting/family nurse partnership	100	
CST	GPC/Health	Community Engagement (including Time-banking) and contact centre PH activities	35	
CFA	Adults/Health	Older people's day services £150k	150	
ETE	EE/Health	Market town transport strategy – public health impact	40	
ETE	EE/Health	Fenland learning (PH MOU)		90
Total			1,199	90

3. OVERVIEW OF PUBLIC HEALTH GRANT FUNDED SERVICES DRAFT REVENUE PROGRAMME

Public health ring-fenced grant – impact of Comprehensive Spending Review

3.1 As part of the Comprehensive Spending Review issued on 25 November 2015, the Chancellor of the Exchequer announced that the ring-fence on the

public health grant (PHG) would continue for a further two years to the end of 2017/18, and that there would be an average of 3.9% real-terms cuts (including a 1.9% allowance for inflation) each year to 2020/21. Further correspondence received from Public Health England confirmed firstly that these cuts are in addition to the 6.2% in-year 'cash' reduction to the PHG in 2015/16, and secondly that they would be phased in with 'cash' reductions of 2.2% in 16/17, 2.5% in 17/18, 2.6% in 18/19 and 19/20, and flat cash in 2020/21.

This means that the forecast level of PHG over the period is:

£000	2016/17	2017/18	2018/19	2019/20	2020/21
	27,642	26,951	26,250	25,568	25,568

- 3.2 The treatment of the PHG as a ring-fenced grant means that any pressures caused by inflation, demography or cuts in grant must be met through reducing grant-funded expenditure. This has resulted in a revised savings target for PHG-funded expenditure in 2016/17 of £2.7million. This savings figure is formed by:

	£000
Inflation/Demography/Pressures	468
Income inflation	-3
15/16 grant cut rolled-forward	1613
16/17 additional grant cut	622
	2,700

This is still an estimated savings target, subject to announcement of the exact 2016/17 PHG allocation to each local authority by central government.

Process to date to develop new savings proposals

- 3.3 Following the comprehensive spending review it was been necessary to rapidly develop further savings proposals for public health grant funded services, due to the additional £2.2M of savings required in 2016/17 over and above the £0.5M of savings already recommended by Health Committee at their November meeting. Indicative proposals for 2017/18 have also been developed. All additional proposals were developed and prioritised on the basis of
- Maximising value for money of public health services in terms of the overall impact of the service on public health outcomes, including reduction in demand for other health and care services due to effective prevention.
 - Maximising value for money of public health services through efficiencies and transformation of service delivery .
 - Awareness of population need and where service reductions would have greatest negative impact on public health and health inequalities
 - The views of the Health Committee, based on discussions of the in-year PHG reduction, that long acting reversible contraception services and Child and Adolescent Mental Health voluntary sector counselling should be protected.
- 3.4 All services have been considered for savings proposals including external contracts (which make up the majority of public health grant spending), services delivered directly by the public health directorate (about 9% of total public health grant funding) and services delivered by other County Council directorates through a Public Health Memorandum of Understanding.

- 3.5 These savings proposals were initially brought to the Health Committee in December, but were not discussed in detail as at that point as Community Impact Assessments (CIAs) had not yet been completed. An informal workshop was held early in January to enable Health Committee members to further explore the proposals, and Community Impact Assessments for all proposals have now been completed (Annex C). Discussion with service providers, for externally contracted services, and with other Council directorates for services within the Public Health Memorandum of Understanding (PHMOU), have also been ongoing.
- 3.6 An overview of savings proposals, which provides the base budgets against which savings have been made, and therefore the 'percentage' impact is provided in Annex A and is further summarised in the table below. Further detail is given in the Financial tables in Annex B.

Service area	Total base budget 2016/17 £k	Total saving 2016/17 £k	% saving 2016/17
Sexual health and contraception	5692	280	5%
Smoking cessation and tobacco control	1253	220	18%
General prevention: including obesity prevention, health checks, falls prevention, workplace health, general project budgets	2465	125	5%
Public mental health	224	60	27%
Health protection/ emergency planning (non-pay)	16	10	63%
Public health directorate staffing Including PH intelligence/specialist advice; PH commissioning; PH directly provided services	2567	584	23%
Drug and alcohol services (CFA directorate)	6269	289	5%
Public Health cross-directorate MOU: PHG funding pooled into preventive services across CCC directorates	1567	431	28%
Children's public health services 0-5 Health visiting and family nurse partnership	7594	290	4%
Demography/inflation/pressures	468	408	87%

Key risks and mitigations

- 3.6 Given the fast pace of the development of these savings proposals, there remain some general key risks which require mitigation:
- **Inability to deliver a full-year saving:** For many of the proposals there will be a lead-time for implementation, therefore the full-year effect of the saving will not be achievable in 2016/17. This needs to be fully quantified as further work is done on the detailed business case for each saving. In general, where there is unavoidable delay in implementation of savings, it is proposed to meet the shortfall non-recurrently from the ring-fenced public health grant general reserve.

- **Impact on other corporate outcomes - Public health MOU funded services:** There are some services funded in other directorates by the public health grant, which are included in these savings proposals because they provide lower value for money when only public health outcomes are considered, as required under the terms of the public health grant. However some of these services have important outcomes for other aspects of the Council's work – e.g. social outcomes, community engagement, transport planning; and removing the public health funding would have a significant impact on the overall viability and delivery of the service. These services are detailed below and have been recommended by both the Director of Public Health and the Executive Director of the Service concerned, for use of additional funding headroom, as outlined in para 2.4.

Directorate	Committee	Savings Proposal for public health grant funded service	2016/17 Impact £'000	2017/18 Impact £'000
CST	GPC/Health	Community Engagement (including Time-banking) and contact centre public health activities	35	
CFA	Adults/Health	Older people's day services £150k	150	
ETE	EE/Health	Market town transport strategy – public health impact	40	
ETE	EE/Health	Fenland learning (public health MOU funding)		90
Total			225	90

- **Impact on other corporate outcomes and the NHS – general public health services:** Public health services are preventive and therefore in the medium and longer term, they reduce pressures on other public services. This is true particularly of the NHS which treats the majority of lifestyle related on and adult social care, due to development of health conditions and disabilities for which residents require support from these Council services. The evidence for the financial impact of public health services on the local NHS is provided in the Cambridgeshire and Peterborough Health System Transformation Programme 'Prevention Strategy' which was considered by December Health Committee. Examples of impact for the Cambridgeshire population include:
 - An annual investment of £157,000 in smoking cessation services generates a net saving to the NHS of £161,000
 - £70,000/year invested in in long acting reversible contraception services generates a net saving to the NHS of £770,000
 - Investing over 3 years of £1,173,000 in falls prevention generates a net saving to the NHS of £1,244,000
- 3.7 The risks associated with individual savings proposals services are outlined in the Community Impact Assessments (CIAs) in Annex C. Key risks include:
- **Savings proposal for Family Nurse Partnership (FNP) and Health Visiting:** This £290k savings proposals will require changes in service model, with a move from a highly targeted FNP service for a relatively small number of teenage parents, to a more accessible service for a wider range of vulnerable women. To ensure that this change can be made at an appropriate pace and with sufficient ongoing funding for the wider service to be fully

effective, this savings proposal has been put forward for £100k of additional funding headroom as outlined in para 2.4.

- Savings proposal for public health intelligence service:** The £111k savings proposal for the public health intelligence/JSNA service is a 40% reduction on the total staffing budget for the service. This service provides key infrastructure for a range of public health work, analyses, and reports, including work which generates income for CCC from local authority, NHS and university partners. Discussions are under way to develop a joint health intelligence unit with the Cambs & Peterborough Clinical Commissioning Group, which would be a potentially positive service transformation and would generate part of this saving in the short term. However there is a significant risk that the savings proposal is over ambitious and that full implementation would permanently reduce the public health service's ability to deliver income generation alongside core work – with a longer term negative effect on the finances of the public health service. This savings proposal has therefore been put forward for £50k of additional funding headroom as outlined in para 2.4.
- Savings proposal for public health specialist nursing and immunisation function:** This savings proposal of £73k against the specialist nursing and immunisation function requires a number of functions to be reallocated within the public health directorate. There are also functions relating to immunisation which these posts have been delivering on a 'historic' basis, but which are the core responsibility of NHS England and GP practices. Negotiation and joint planning with NHS England and GP practices will be required to ensure smooth transition to services which do not involve input from Council staff. This is of particular concern because uptake of childhood immunisations in Cambridgeshire is relatively poor – below the England average, and this may relate to health inequalities and communication with mobile migrant populations. Communication and promotion of immunisation programmes to local residents is a local authority public health responsibility, and a proposal has been put forward for £20k of additional funding headroom as outlined in para 2.4, in order to mitigate the staffing reduction by putting some additional resource into promotion of immunisations to higher risk communities.
- Savings proposal for Tobacco Control: Engagement with at-risk groups:** This savings proposal of £50k reduction in the budget for tobacco control: engagement with at risk groups was initially put forward by the director of public health for additional funding headroom. However alternative ways of mitigating this saving within existing budgets have been identified and therefore this proposal has been withdrawn.

The following table summarises proposals for additional funding headroom from the public health directorate:

Directorate	Committee	Proposal	2016/17 Impact £'000	2017/18 Impact £'000
PH	Health	Saving on specialist public health nurse and immunisation functions – promotion of immunisations	20	
PH	Health	Joint health intelligence unit with NHS/ reduced JSNA work	50	
PH	Health	Health visiting/family nurse partnership	100	

PH	Health	TOTAL	170	
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- 3.8 Other service specific risks have been identified for mitigation in-year from ring-fenced public health reserves
- **Road safety projects and campaigns (ETE):** Before April 2013 and the transfer of public health to the Council, road safety projects and campaigns were funded by core Council budgets as a preventive service. Since then the public health grant has taken on the majority of funding for this area and currently provides funding of £225k, with ongoing ETE funding of £100k. It is proposed to reduce public health grant funding to £100k, which will enable the core road safety team to remain in place, but will require development of income generation and obtaining more external grants to fund project and campaign work. The road safety team is developing an income generation model, and it is proposed that a non-recurrent amount of £84k will be allocated from the PH grant reserve in 2016/17 to allow time for transition to this model, giving a net saving for 2016/17 of £36k.
 - **Youth offending service (YOS) specialist drug and alcohol component:** This savings proposal proposed that the public health funded specialist drug and alcohol component of the YOS service is withdrawn, with potential redundancies. The Children and Young People's Substance Misuse Service, CASUS would be provided with some additional funding to assume a bigger role in the YOS through providing support to young people, training for YOS staff to increase their skills in screening and responding to substance misuse issues, and with ongoing supervision. This model does require further exploration of demand and capacity of the CASUS Service to ensure the business case is robust. It is proposed that public health reserves will be used as necessary to ensure that the service continues without adverse impact on outcomes, depending on the result of more detailed exploration of the business case.

Next steps

- 3.9 Savings proposals are currently in draft and the final public health grant allocation to local authorities has not yet been announced. The recommendations of the Health Committee regarding savings proposals for public health grant funded services will be considered at General Purposes Committee in February. The draft 2016/17 Business Plan will then be discussed by full Council.

4. KEY PERFORMANCE INDICATORS

- 4.1 The Council uses a set of Key Performance Indicators (KPIs) to monitor progress against its key priorities. These KPIs form part of the Strategic Framework which outlines how the Council intends to deliver these priorities. To reflect the Operating Model being adopted in the Strategic Framework this year, directorates have worked together to propose a set of KPIs which are aligned to outcomes.
- 4.2 For this Committee, the proposed KPIs in Annex E will have two main purposes. Firstly they will form part of the full list that will be regularly presented to this Committee in Finance and Performance Reports. Secondly, they will be the KPIs that flow from this Committee into the set of indicators

that accompany the Council-wide Strategic Framework which is monitored by General Purposes Committee.

- 4.3 Some of the KPIs relate to more than one outcome and where this is the case, the indicator has been allocated a 'primary' outcome and one or more 'secondary' outcomes. Where KPIs for outcomes are also KPIs intended to monitor the "narrowing the gap" Council motion, this is indicated in the Annex. For Health Committee, inequalities in strategic KPIs relevant to narrowing the gap will be reported in detail in the 'health inequalities' section of the Finance and Performance Report.

5. NEXT STEPS

January	General Purposes Committee meets to consider the impacts of the Local Government Finance Settlement
February	General Purposes Committee meets to consider the full Business Plan and recommend it to Full Council
February	Draft Business Plan for 2016/17 discussed by Full Council.
March	Publication of final CCC Business Plan for 2016/17. Ongoing work to deliver savings proposals.

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

Public health services help to maintain a healthy and productive workforce in the County, which in turn supports the local economy.

6.2 Helping people live healthy and independent lives

Public health services have a key role in helping people to live a healthy lifestyle and stay healthy for longer. The savings proposals identified aim to protect, as far as possible, front line public health services which deliver this outcome.

6.3 Supporting and protecting vulnerable people

Public health services are often in contact with vulnerable people, who require additional support to maintain their health. The savings proposals identified aim to protect, as far as possible, front line public health services which have this role.

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

These savings proposals are focussed on providing best value for money. Resource implications are outlined within the document and in Annex A and Annex B.

7.2 Statutory, Risk and Legal Implications

Due to continuation of the public health ring-fence until 2018/19, public health grant spend must continue to meet the grant conditions. Key risks and mitigations are outlined in paragraphs 3.6, 3.7 and 3.8.

7.3 Equality and Diversity Implications

Equality and diversity implications are considered in the Community Impact Assessments provided in Annex C.

7.4 Engagement and Consultation Implications

Engagement and consultation on the County Council's business plan is outlined in para 1.10 and Annex D. Ongoing engagement with service providers, stakeholder organisations, and across Council directorates is taking place during development of these proposals.

7.5 Localism and Local Member Involvement

There are no significant implications.

7.6 Public Health Implications

The impact of each proposal on public health outcomes has been considered as part of the prioritisation process, with the aim of minimising negative impacts.

Source Documents	Location
<i>Paper to December Health Committee: Service Committee Review of Draft Business Planning Proposals for 2016/17 to 2020/21</i>	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12533