

**HEALTH COMMITTEE REVIEW OF DRAFT REVENUE AND CAPITAL BUSINESS
PLANNING PROPOSALS FOR 2019/20 TO 2023/24**

To: Health Committee

Meeting Date: 6 December 2018

From: Director of Public Health

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 revenue and capital proposals for services that are within the remit of the Health Committee.**

Recommendation:

- a) It is requested that the Committee note the overview and context provided for the 2019/20 to 2023/24 Business Plan revenue proposals for the Service, updated since the last report to the Committee in October.**
- b) It is requested that the Committee comment on the draft revenue savings proposals that are within the remit of the Health Committee for 2019/20 to 2023/24, and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan.**
- c) It is requested that the Committee comments on the changes to the capital programme that are within the remit of the Health Committee and endorse them to the General Purposes Committee (GPC) as part of consideration for the Council's overall Business Plan.**

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1. PURPOSE AND BACKGROUND

- 1.1 The Council's Business Plan sets out how we will spend the resources we have at our disposal to achieve our vision and priorities for Cambridgeshire, and the outcomes we want for people. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue and capital budgets, with a focus on those which are relevant to this Committee. The report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue and capital proposals in line with new savings targets.
- 1.2 In developing our plan we are responding to a combination of cost increases and reduced Government funding which mean we have to make our resources work harder than ever before. To balance the budget whilst still delivering for communities we need to identify savings or additional income of £26.3m for 2019-20, and totalling £68.2m across the full five years of the Business Plan.

2. FINANCIAL OVERVIEW UPDATE

- 2.1 In October, Committees received information about emerging draft proposals to respond to this challenge – at that point we had identified 44% of the savings required and the remaining budget gap for 2019/20 was £21.5m. Additional gaps also existed for the later years of the business plan.
- 2.2 Since October, work on the business plan has continued with a focus on;
 - Further exploring the existing schemes, refining the business cases and seeking to push schemes further wherever possible
 - Identifying mitigation measures for the identified pressures – aiming to minimise their impact on the savings requirement for the organisation
- 2.3 We are continuing as an authority to explore every avenue to identify further efficiency or to bring in more funding to the local economy and public sector. In particular;
 - We continue to drive forward our Fairer Funding Campaign – arguing for Cambridgeshire to receive a higher and fairer allocation of national funding for education, social care and a range of other services
 - We have applied to be a pilot area for the Government's Business Rates Retention Scheme – which would allow us to reinvest the output of local business growth in local public services and infrastructure
 - We are working in partnership with Peterborough City Council on shared services where it will lead to better outcomes for service users
 - We are driving forward the Adults Positive Challenge Programme which is supporting us to develop a new approach in our adult social care model in the face of growing demand
- 2.4 However the number and scale of the pressures on the organisation which are not directly controllable continues to increase. In addition to the ongoing

reductions in grant from Government, we continue to see demand for services and in particular the most vulnerable increasing significantly.

Throughout the year Adults Services has seen increased demand for services from both older people and people with learning disabilities, above the level expected when budgets were set. We have been successful through early help in constraining this demand and reducing the proportion of over 85s in service but the level of services required by people is rising, putting pressure on the health and social care system (locally and nationally). This rising demand is pushing up unit costs of care which has put pressure on budgets in the second half of the year. Within the Learning Disability Partnership, demand for services is rising as more people are discharged from inpatient units into the community as part of the Transforming Care agenda, and efforts to constrain costs are taking longer than anticipated. The considerable impact on care budgets of this demand for services continues to be mitigated through funding provided by central government, but demand has continued to rise in the second part of the year.

- 2.5 Within Children's services, numbers of children in care remain at around 100 higher than expected based on the performance of Cambridgeshire's statistical neighbours. These higher than anticipated numbers in care have resulted in continuing overspends in directly related budgets – those associated with placement costs, supervised contact and transport costs. Additionally, the foster placement capacity both in house and externally is very stretched by demand both locally and nationally. The shortfall in appropriate fostering provision is increasing the numbers of children requiring residential placements which cost around four times more than equivalent fostering placements.
- 2.6 There has also been a significant increase in numbers of unaccompanied asylum seeking children (UASC) over the last two months. The council receives fixed government grants to fund accommodation costs and support care leavers however this income has not increased in proportion with the UASC population. Additionally, the majority of recent arrivals have been placed in high cost placements due to the unavailability of lower cost accommodation. Within Children's Services we have seen a 13% increase in pupils with Education, Health and Care Plans (EHCPs) between September 2017 and September 2018 and a 20% increase in pupils attending special schools over the same period. These increases, which are in line with national trends, have caused pressures on all elements of the Special Educational Needs Development (SEND) budget.

The increasing number of pupils with EHCPs has also resulted in an increased pressure on the Home to School Transport – Special budget. We are seeing more pupils with SEND being transported and, due to local provision reaching capacity, pupils are being transported significant distances to access education which results in higher transport costs. An increase in complexity of needs has also contributed to this pressure with more pupils needing specialist equipment or passenger assistants to assist their travel. This is against a backdrop of a challenging transport market with quoted costs for routes being significantly higher than in previous years resulting in pressure on Mainstream and LAC transport as well as Special. These two areas are also seeing growing demand due to continuing increases in LAC

numbers and a high volume of in-year admissions to schools outside of catchment area resulting in further budgetary pressures.

- 2.7 The table below provides a summary of the various material (£100k or greater) changes since October in the overall business planning position for 2019/20. It reflects both the positive impact of the new proposals and transformation agenda and the growing pressures we face as a sector. As shown below, the level of unidentified savings has reduced by £2.2m to £19.3m. Work to identify and work up further ideas to fill the gap is ongoing and the pressures emerging are still under review as we monitor trends and develop mitigating strategies.

| Description | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | 2023-24 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Remaining Unidentified Savings at October Committees | 21,505 | 8,838 | 3,807 | 8,078 | 3,151 |
| Anticipated further savings within People and Communities | 121 | | | | |
| Changes to People and Communities fees, charges and schools income compared to 2018-19 | 1,048 | | | | |
| Passenger Transport - Remove Discretionary Concessions | 260 | | | | |
| Anticipated further savings within Place and Economy | 250 | 250 | | | |
| Partnership, Projects and Funding team | 101 | | | | |
| Subtotal Business Planning Savings removed since October | 1,780 | 250 | - | - | - |
| Dedicated Schools Grant Contribution to Combined Budgets - decision by schools forum | -1,579 | 1,579 | 1,500 | | |
| Better Care Fund - Investing to support social care and ease pressures in the health and care system | -1,000 | 1,000 | | | |
| Income from energy investment schemes | | | -5,668 | 89 | 201 |
| Subtotal reduction in pressures | -2,579 | 2,579 | -4,168 | 89 | 201 |
| Increase in inflationary pressures | 341 | | -155 | -155 | -155 |
| Underachievement of planned 2018/19 waste contract savings | 900 | | | | |
| Citizen First, Digital First - underachievement of planned savings from previous years | 182 | | | | |
| Reduced LGSS Law dividend expectation | 96 | | -96 | | |
| Microsoft Licensing Costs | 240 | | | | |
| Increase in Traded Services to Schools pressure | 100 | | | | |
| Increase in Home to School Transport for Special Schools - pressure | 725 | | | | |

| | | | | | |
|--|---------------|---------------|--------------|--------------|--------------|
| Home to School Transport for Looked After Children - increased pressure | 275 | | | | |
| Subtotal revised pressures | 2,859 | - | -251 | -155 | -155 |
| Smoothing fund applied one-off to Children's Services in 18/19, permanent benefit unwound in 2020-21 | -3,413 | 3,413 | | | |
| Investment into Social Work (in relation to the Adults Positive Challenge programme) | | | 1,000 | | |
| Operating costs associated with energy investment projects | | 39 | 787 | 22 | 26 |
| Revised debt charges forecast [costs of borrowing] | -1,197 | 664 | 3,176 | 2 | 1,922 |
| Improvement in in-year position and combination of minor adjustments | 372 | 272 | | | |
| Household waste recycling centre changes | -60 | | | | |
| Changes in external income assumptions [future year assumptions about iBCF and RSG*] | | -5,000 | | | |
| Additional changes to funding forecasts | | 135 | -2 | -1 | -1 |
| Total of Other Changes to Business Plan Assumptions / Finance Adjustments | -4,298 | -477 | 4,961 | 23 | 1,947 |
| Revised Gap at December Committees | 19,267 | 11,190 | 4,349 | 8,035 | 5,144 |

**Taking account of government announcements and treatment in similar authorities, we have assumed in 2020-21 that £8m of improved BCF previously assumed as ending will now continue, this is partially offset by assuming a £3m worsening in general funding position (such as RSG).*

- 2.8 The following table shows the total level of savings necessary for each of the next five years, the amount of savings attributed from identified savings and the residual gap for which saving or income has still to be found:

| | 2019-20 £'000 | 2020-21 £'000 | 2021-22 £'000 | 2022-23 £'000 | 2023-24 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Total Saving Requirement* | 26,322 | 17,591 | 11,578 | 7,690 | 4,972 |
| Identified Savings | -14,506 | -6,903 | -1,438 | 246 | -23 |
| Identified additional Income Generation* | 7,451 | 502 | -5,791 | 99 | 195 |
| Residual Savings to be identified | 19,267 | 11,190 | 4,349 | 8,035 | 5,144 |

**The Total Saving Requirement and Identified additional Income Generation in 2019-20 have both been reduced by £9m as a result of the closure of Cambridgeshire Catering and Cleaning Services with a net nil impact on the budget gap.*

- 2.9 The following funding options are available to the council to contribute towards closing the gap for 2019/20 and beyond:

| Item | 2019-20 | 2020-21 | Recurring/ non-recurring | Confirmed/ unconfirmed |
|---|-----------------|---------------|-----------------------------|--------------------------------|
| Further 1% Council tax increase | -£2.75m | | Recurring | Local Decision |
| Revenue investment of recurring MRP savings | -£6.1m | £0.55m | Recurring but diminishing | Local Decision |
| Revenue investment of recurring smoothing fund | -£9.1m | | Recurring | Local Decision |
| Subtotal - locally controlled/recurrent | -£17.95m | £0.55m | | |
| Assume negative RSG deferred | -£7.1m | | Unclear | Preferred national option |
| Subtotal – national funding changes | -£7.1m | | | |
| Transformation fund closure after current commitments | -£14.0m | | Non-recurring | Local decision with conditions |
| Income from Business Rates Pilot | -£7.67m | £7.67m | Non-recurring | National decision |
| Subtotal non-recurring funding | -£21.67m | £7.67m | | |

3 ASSUMPTIONS AND RISKS

- 3.1 In the business planning tables the level of savings required is based on a 3.99% increase in Council Tax in 2019-20, through levying the Adult Social Care precept of 2% and a 1.99% general Council Tax increase. It is unclear whether the Adult Social Care precept will continue after 2019-20, therefore only a general Council Tax increase of 1.99% is included from 2020-21 onwards. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.75m.
- 3.2 There is currently a limit on the increase of Council Tax to 2.99%, above which approval must be sought from residents through a positive vote in a local referendum. The estimated cost of a referendum in May 2019 would be £742k with further costs incurred if the public reject the proposal as new bills would need to be issued.
- 3.3 There are also a number of risks which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed and the figures can be confirmed:
- Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards however any change to the outturn position of the Council will impact the savings requirement in 2019-20. This is particularly relevant to demand led budgets such as children in care or adult social care provision.
 - Due to the level of reduction in Government grants in later years the Council did not take the multi-year settlement offered as part of the 2015 Spending Review. The settlement included a negative allocation of Revenue Support Grant for the Council in 2019/20. There has been a recent consultation regarding Negative Revenue Support Grant however the outcome will not be known until the provisional Local Government Finance Settlement on 6 December. Our business plan currently makes a prudent assumption of a £7m negative RSG allocation in 2019/20 as proposed in the 2015 Spending

Review. The Government's preferred treatment is to eliminate negative RSG using the central share of business rate receipts.

- From 2020/21, local authorities will retain 75% of business rates, the tier split of business rates between Counties and Districts is subject to change, and the funding baselines for local authorities will be reassessed. There is therefore a significant level of uncertainty around the accuracy of our funding assumptions from 2020/21 onwards. The Council's future funding position will remain unclear until Government provides an indicative allocation of business rates in Spring 2019.

4. CAPITAL PROGRAMME UPDATE

- 4.1 The draft capital programme was reviewed individually by service committees in October and was subsequently reviewed in its entirety, along with the prioritisation of schemes, by GPC in November. As a result further work was required on a handful of schemes, as well as further work ongoing to revise and update the programme in light of continuing review by the Capital Programme Board, changes to overall funding or to specific circumstances surrounding individual schemes.
- 4.2 The Council is still awaiting funding announcements regarding various capital grants which are expected to be made during December/January, plus the ongoing nature of the capital programme inevitably means that circumstances are continually changing. Therefore Services will continue to make any necessary updates in the lead up to the January GPC meeting at which the Business Plan is considered.

5. OVERVIEW OF HEALTH'S DRAFT REVENUE PROGRAMME

- 5.1 This section provides an overview of the savings and income proposals within the remit of the Committee which have been added to the draft plan since the proposals were presented in October or where the business case has altered materially.
- 5.2 As a result of reductions to the public health grant, all areas of service have made 'cash savings' over previous years (in addition to internal cost improvement programmes to cover inflationary or demographic pressures) as outlined in the table below:

| Service Category | Original Funding April 2015 | Saving 2016/17 | Saving 2017/18 | Saving 2018/19 | % Saving since 2015 |
|--|-----------------------------|----------------|-----------------|----------------|---------------------|
| Drug and alcohol services | £6269k | £289k | £100k | £154k | 8.7% |
| Sexual Health & Contraception | £5692k | £280k | £100k | £140k | 9.1% |
| Smoking Cessation & Tobacco Control | £1253k | £220k | £110k | £112k | 35.3% |
| General Prevention: Obesity, Health Checks, Falls Prevention | £2465k | £125k | £101k | - | 9.3% |
| Public Mental Health | £224k | £60k | £60k reinvested | £7k | 3.1% |
| Children's 0-19 Public Health Services | £9527k (indicative) | £190k | £188k | £238k | 6.5% |
| Public Health Directorate staffing & Income generation | £2567k | £524k | £75k | £49k | 25.2% |

5.3 All of the proposals within the remit of the Committee, including those which are unaltered since October, are described in the business planning tables (Appendix 1) and business cases (Appendix 2). The October papers are available to view [here](#).

5.4 The main changes to proposals are as follows:

- The business case for proposals E/R.6.036 & ER.6.037 'Integrating Healthy Child Programme across Cambridgeshire and Peterborough' has been updated following further work on the integrated service model, which is described in detail in a separate paper to Health Committee.
- The business case for proposal E/R.6.035 'Children 5-19 Mental health training for children's workforce' has been updated.
- The proposal E/R.6.034 'Re-commissioning of Sexual Health Services' now shows a saving in 2020/21 but no saving for 2019/20. This is because further work is required to determine the timing of the re-procurement of this contract, in order to maximise the potential benefits from our current national pilot of alignment and integration with NHS commissioned sexual and reproductive health services.
- A saving E/R.6.041 'Expected operational savings across Public Health staffing and contracts' has been introduced. This recognises that there are always some underspends in year due to staff turnover, maternity leave and vacancies; and to variation in delivery of some demand-led or workforce dependent contracts - for example those with GP practices and pharmacies. A saving of 109k has therefore been included to cover in-year underspends.

- 5.5 The Committee is asked to comment on these revised proposals, and endorse them to GPC for consideration as part of the Council's development of the Business Plan for the next five years. Although now well developed, the proposals are still draft at this stage and it is only at Full Council in February 2019 that proposals are finalised and become the Council's Business Plan. The following proposals are available in Appendix 2.
- 5.6 **E/R.6.031 NHS Health Checks IT Contract (-41k in 2019-20)**
- 5.7 **E/R.6.032 NHS Health Checks Funding (-50k in 2019-20)**
- 5.8 **E/R.6.033 Re-commissioning of Drug and Alcohol Treatment Service (-162k in 2019/20)**
- 5.9 **E/R.6.035 Mental Health Training - focusing on children and young people's workforce (-36k in 2019-20)**
- 5.10 **E/R.6.036 & ER.6.037 Integrating Healthy Child Programme across Cambridgeshire and Peterborough (-398k in 2019-20)**
- 5.11 **E/R.6.038 Public Health Directorate Staffing Rationalisation (-80k in 2019-20)**
- 5.12 **E/R.6.039 Reduce long acting reversible contraception (LARCs) funding in line with audit results and completion of clinician training (-60k in 2019-20)**
- 5.13 **E/R.6.040 Mainstream work to promote immunisations (-13k in 2019-20)#**
- 5.14 **E/R.6.041 Expected operational savings across Public Health staffing and contracts (NEW) (-109k in 2019/20)**

6. NEXT STEPS

- 6.1 Following December service committees, GPC will review the overall programme in December, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

| | |
|----------|---|
| December | GPC will consider the whole draft Business Plan for the first time Local Government Financial Settlement Published |
| January | GPC will review the whole draft Business Plan for recommendation to Full Council |
| February | Full Council will consider the draft Business Plan |

7. ALIGNMENT WITH CORPORATE PRIORITIES

7.1 Developing the local economy for the benefit of all

Public health services provide support to the local economy through their role in maintaining a healthy and productive workforce.

7.2 Helping people live healthy and independent lives

The purpose of public health services is to help people live healthy and independent lives at all ages.

7.3 Supporting and protecting vulnerable people

The majority of public health services include a focus on identifying and supporting children or adults who are more vulnerable to ill health and poor outcomes, as well as providing more universal preventive services.

8. SIGNIFICANT IMPLICATIONS

8.1 Resource Implications

Resource Implications – All implications are detailed in the Business Cases and CIAs in Appendix 2

8.2 Procurement/Contractual/Council Contract Procedure Rules Implications

Procurement/Contractual/ Council Contract Procedure Rules – All implications are detailed in the Business Cases and CIAs in Appendix 2

8.3 Statutory, Legal and Risk implications

All implications are details in the Business Cases and CIAs in Appendix 2

8.4 Equality and Diversity Implications

The Community Impact Assessments describe the impact of each proposal, in particular any disproportionate impact on vulnerable, minority and protected groups. (See Appendix 2)

8.5 Engagement and Consultation Implications

Draft Community Impact Assessments (CIAs) for the savings proposals are attached to this paper for consideration by the Committee, and where applicable these will be developed based on consultation with service users and stakeholders. (See Appendix 2)

8.6 Localism and Local Member Involvement

The proposals made are all for county-wide public health programmes and services.

8.7 Public Health Implications

The savings proposals aim to achieve best value through public health services while minimising the risk of impact on public health outcomes.

| Implications | Officer Clearance |
|--|---|
| | |
| Have the resource implications been cleared by Finance? | Yes Stephen Howarth |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes Paul White |
| | |
| Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law? | Yes Fiona McMillan |
| | |
| Are there any Equality and Diversity implications? | Covered in Impact Assessments Julia Turner |
| | |
| Have any engagement and communication implications been cleared by Communications? | Yes Christine Birchall |
| | |
| Are there any Localism and Local Member involvement issues? | No Julia Turner |
| | |
| Have any Public Health implications been cleared by Public Health | Yes Liz Robin |

| Source Documents | Location |
|---|---|
| October 2018 Committee Business Planning Papers | https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/879/Committee/6/Default.aspx |

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|--------------------|---|
| Appendix 1a | Public Health Revenue Finance Table 1 |
| Appendix 1b | Public Health Revenue Finance Table 2 |
| Appendix 1c | Public Health Revenue overview Finance Table 3 |
| Appendix 2 | Public Health Draft Business Cases |