

**HEALTH COMMITTEE REVIEW OF DRAFT REVENUE BUSINESS PLANNING
PROPOSALS FOR 2017/18 TO 2021/22**

To: Health Committee

Meeting Date: 15th December 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 revenue and capital proposals for Public Health 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 2017/18 to 2021/22 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 2017/18 to 2021/22, and endorse them to the General Purposes Committee as part of consideration for the Council's overall 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 continues to reduce whilst our costs continue to rise. Those increases are driven by inflationary and demographic pressures. As the fastest growing county in the country the pressures of demography are far greater in this county than elsewhere.
- 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 £68m in the last two years and are on course to save a further £41m this year (2016/17). 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. That is why this year the Council has adopted a new approach to meeting these financial challenges, which builds upon the outcome-led approach that was developed last year.
- 1.3 The Council last year established the strategic outcomes it will be guided by throughout the Business Planning process, which are outlined on the right. Early in the process this year, a number of Transformation Programmes have been established to identify the specific proposals that will meet these outcomes within the resources available to the Council.
- 1.4 These Transformation Programmes are the lens through which this year's Business Planning Process has been approached, and will feature in the material considered by Members in workshops and Committees. There are 11 Programmes, made up of "vertical" service-based Programmes, and "horizontal" cross-cutting Programmes:

Outcomes	
Older people live well independently.	
Places that work with children help them to reach their full potential.	
People lead a healthy lifestyle and stay healthy for longer.	
People with disabilities live well independently.	
People live in a safe environment.	
The Cambridgeshire economy prospers to the benefit of all Cambridgeshire residents.	
People at risk of harm are kept safe.	

1. Adult Services	2. Children's Services	3. Economy, Transport and Environment	4. Corporate and LGSS	5. Public Health
6. Finance and Budget Review				
7. Customers and Communities				
8. Assets, Estates and Facilities Management				
9. Commissioning				
10. Contracts, Commercial and Procurement				
11. Workforce Planning and Development				

- 1.5 In July 2016 General Purposes Committee considered and endorsed a report which summarised the role that the new approach to transformation has played so far this year. In particular, this table captured precisely how transformation – in line with the Council’s strategic outcomes – will contribute towards balancing the budget:

Base Budget		Year 0
Review of Outturn		
Corporately agreed changes to	Inflation	X
	Demography	X
	Capital Financing	X
	Service Pressures	X
		Year 1
Base budget (new business plan)		
Projected Resource Envelope		A
Savings Challenge		Y1 – A = B
Transformation Programme		
“Horizontal” Cross-cutting programmes	X	
“Vertical” Service-based programmes	X	
Total Transformation Proposals		C
Revised Savings Challenge		B – C = D
Savings Challenge applied to Budgets		D

- 1.6 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, which are relevant to this Committee.
- 1.7 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.
- 1.8 The main cause of uncertainty is the upcoming Comprehensive Spending Review and Local Government Finance Settlement. General Purposes Committee resolved not to accept the multi-year grant settlement that was being offered by the Government and therefore this uncertainty will be an annual event.
- 1.9 The Committee is asked to endorse these initial proposals for consideration as part of the Council’s development of the Business Plan for the next five years.

2. FINANCIAL OVERVIEW

- 2.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings or additional income of £33.6m are required for 2017-18, and a total of £99m across the full five years of the Business Plan. The level of savings required do change each year as cost projections are updated to reflect the latest information available including the latest service pressures that have been identified. The

following table shows the total amount necessary for each of the next five years, separating Public Health in 2017-18 as it is ring-fenced:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-33,002	-19,440	-16,892	-18,495	-10,583
Public Health	-606	-	-	-	-
Total	-33,608	-19,440	-16,892	-18,495	-10,583

- 2.2 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. Estimates are given below where possible.

	2017-18 £'000	Risk
Dedicated Schools Grant funding	4,300	This potential pressure is the result of a consultation on national funding reforms and review by Schools Forum.
Business rates revaluation	-	The Business Rates re-valuation is due to take effect from 1st April 2017, which could see significant rises in business rate liabilities in some areas and for some types of property.
Local Government Finance Settlement	-	Risk that the Council's funding is lower than budgeted.
Total	4,300	

- 2.3 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.
- 2.4 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 Planning proposals are still being developed to deliver the following:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-	-1,823	-12,224	-12,168	-9,879
Public Health	-	-	-	-	-
Total	-	-1,823	-12,224	-12,168	-9,879

Note, this assumes the Public Health Grant is un-ring-fenced from 2018-19 onwards.

- 2.5 The level of savings required is based on a 2% increase in Council Tax, through levying the Adults Social Care precept in all years it is available (up to and including 2019-20), but a 0% general Council Tax increase. This assumption is built into the MTFS which was discussed by GPC in July. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.

- 2.6 There is currently a limit on the increase of Council Tax of 2% and above. Should councils wish to increase their council tax above this it can only do so having sought the views of the local electorate in a local referendum. It is estimated that the cost of holding such a referendum would be around £100k, rising to as much as £350k should the public reject the proposed tax increase (as new bills would need to be issued). The MTFS assumes that the council tax limit of 2% and above will remain in place for all five years.
- 2.7 Following December service committees, GPC will review the overall programme in early January, before recommending the programme in late January as part of the overarching Business Plan for Full Council to consider in February.

3. TRANSFORMATION UPDATE

- 3.1 In response to recognising that the traditional method of developing budgets and savings targets through departmental based cash limits was unsustainable in the long term, the Council has agreed a new approach that will result in an outcome focussed method to Business Planning.
- 3.2 As a consequence it was agreed that the Council would establish a fund that would be used to supplement base budgets, ensuring that finance is not seen as a barrier to the level and pace of transformation that can be achieved.
- 3.3 All savings proposals have been aligned with one of the eleven transformation workstreams and £7,387k has been requested from the transformation fund to support the delivery of these savings in 2017-18.

Investments requested:

Transformation Workstream	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Finance & Budget Review	-	133	-46	-87	-	-
Customer & Communities	-	-	-	-	-	-
Assets, Estates & Facilities Management	-	-	-	-	-	-
Commissioning	73	1,412	-1,042	-332	-38	-
Contracts, Commercial & Procurement	-	-	-	-	-	-
Workforce Planning & Development	-	-	-	-	-	-
Adult Services	146	5,442	-4,646	-796	-	-
Children's Services	-	-	-	-	-	-
Economy, Transport & Environment	800	-	-	-	-	-
Corporate & LGSS	-	-	-	-	-	-
Public Health	-	-	-	-	-	-
Total	1,019	7,387	-6,134	-1,215	-38	-
Absolute	1,019	7,387	1,253	38	-	-
Cumulative	1,019	8,406	9,659	9,697	9,697	9,697

Savings aligned to workstreams:

Transformation Workstream	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Finance & Budget Review	-5,041	-5	2,283	-10	-
Customer & Communities	-687	-606	-168	-27	-
Assets, Estates & Facilities Management	-174	-19	-19	-561	2
Commissioning	-8,429	-5,223	-2,506	-2,752	-
Contracts, Commercial & Procurement	-4,717	-3,978	-1,000	-	-
Workforce Planning & Development	-4,589	-3,668	-	-	-
Adult Services	-2,836	-1,457	-1,062	-1,057	-
Children's Services	-2,108	-1,834	-1,414	-1,157	-
Economy, Transport & Environment	-459	-135	-134	-127	-127
Corporate & LGSS	-468	-706	-619	-607	-566
Public Health	-606	-	-	-	-
Changes to fees, charges & ring-fenced grants	-1,154	14	-29	-29	-13
Proposals to be finalised	-2,340				
Subtotal	-33,608	-17,617	-4,668	-6,327	-704
Unidentified savings		-1,823	-12,224	-12,168	-9,879
Total	-33,608	-19,440	-16,892	-18,495	-10,583

4. OVERVIEW OF PUBLIC HEALTH SERVICE DRAFT REVENUE PROGRAMME

- 4.1 Following the Health and Social Care Act (2012) and the transfer of public health functions, budgets and staff from the NHS in 2013, the County Council now has a statutory duty to improve the health of local residents. It achieves this through preventive work which promotes people's health and wellbeing and reduces their longer term risk of illness and disability. The public health functions of the Council are delivered through
- provision of information and advice to the public
 - provision of specialist public health advice to local NHS commissioners and other organisations
 - commissioning a range of preventive public health services including health visiting and school nursing services, sexual health and contraceptive services, drug and alcohol misuse services, NHS health checks, and integrated lifestyle and weight management services
 - directly providing some services including smoking cessation counselling, mental health promotion, and Traveller health services.
 - considering the public health impact of wider County Council policies and services when decisions are made.

Transformation programme

- 4.2 As part of the wider transformation of the County Council, there is a public health transformation programme which focusses on the following three key themes.
- Improving engagement with communities to support behaviour changes which will improve health in the longer term.

- Strengthening the role of all three tiers of local government in providing environments and services which support health and wellbeing
- Maximising efficiency through our commissioning and procurement of services, including working in partnership with other organisations where this can improve outcomes or reduce commissioning costs.

The draft revenue proposals for 2017/18, combined with some internal changes in staff alignment and objectives, reflect the themes of the transformation programme.

Public Health Grant Allocation

- 4.2 The national ring-fenced public health grant allocation for Cambridgeshire reduces from £27,627k in 2016/17 to an indicative allocation of £26,946k in 2017/18, a total 'cash' reduction of £681k. The savings and efficiencies proposed for public health directorate budgets must cover the PH directorate's share of this reduction in PH grant, the costs of inflation and demography, a small reduction in income from other sources, and a small reduction in core Council funding allocated to the directorate, as part of wider corporate savings targets. The total savings requirement for the Public Health Directorate as a result of these factors is £606k.
- 4.3 There were significant savings of approximately £2.7M made to Public Health budgets in 2016/17. In order for the Health Committee to take an overview and place proposed 2017/18 savings in context, Annex C outlines the cumulative percentage saving against the major areas of public health spend, across both 2016/17 and 2017/18.

Changes to the 2016/17 Business Plan

- 4.3 Proposals for savings to be made in 2017/18 were included in the 2016/17 Business Plan. There have been a number of changes since the 2016/17 Business Plan was written, both to the way in which demography and inflation figures are calculated corporately, and to the savings proposals themselves. More detail is given in the paragraphs below.

2016/17 Business Plan proposals which remain unchanged

- 4.4 Some savings proposals for 2017/18 were already published in the Council's 2016/17 Business Plan and the financial value has not changed significantly, although more details can now be provided. These include:

Ref No	2017/18 savings which have not changed significantly since the published 2016/17 business plan	Value of saving £k
E/R 6.003	Reduction in contract value for sexual health and contraceptive services	-50
E/R 6.019	Public health programmes team restructure/vacancy management: This has been developed into a proposal to integrate in-house smoking cessation services with externally commissioned integrated lifestyle services, subject to a Voluntary Ex-Ante Transparency (VEAT) notice.	-50
E/R 6.013	Reduction in contract value for age 0-5 public health services: The value of this saving remains unchanged. However it has been broadened to include public health services for children and young people aged 0-19, as contracts for 0-5 and 5-19 public health services are both held by Cambridgeshire Community Services. It is proposed to make a saving of £150k to 0-5 public health services, through a thorough benchmarking review of skill mix and current activities, while investing £60k in a public health school nursing service for Special Schools.	-90
E/R 6.012	Public health commissioning – explore joint work with other organisations: A proposal to create a joint public health commissioning unit with Peterborough City Council is being taken forward as part of the public health transformation programme. The value of the saving has increased from £50k to £57k	-57
	TOTAL	-247

- 4.5 In addition, the 2016/17 Business Plan included the following 2017/18 savings proposals for public health grant spent by other County Council directorates which remain unchanged.

- Reduction in contract value for drug and alcohol services (£100k) – this is covered in the Children, Families and Adults Executive Directorate 2017/18 revenue programme proposals.
- The public health grant funding for the Fenland Learning Service (£90k), which is a service commissioned by Economy, Transport and Environment Executive Directorate, will be replaced by other corporate funding.

Changes to the 2016/17 Business Plan: Unachievable savings

- 4.6 Some of the public health directorate savings for 2017/18 published in the 2016/17 business plan were identified as unachievable and will **not** be taken forward. These are a pressure on the 2017/18 budget and require alternative savings to be found. These include:

Savings in 2016/17 business plan which will NOT be taken forward in 2017/18	Pressure on 2017/18 budget £k
Child and adolescent mental health counselling services: The demand for these services is high, so Health Committee decided in November 2016 to maintain funding and go out to procurement for these services jointly with Peterborough City Council and the Clinical Commissioning Group.	50
Recommissioning of age 0-19 children and young people's public health services: This savings proposal was based on a redesign of children and young people's health services across services commissioned by Cambridgeshire County Council, Peterborough City Council and the Cambridgeshire & Peterborough Clinical Commissioning Group. The aim is to create a more 'joined up' service for children and their families, and use our combined resources more efficiently. This work is ongoing, but will not be ready for implementation in 2017/18.	250
TOTAL	300

Changes to the 2016/17 Business Plan: Demography, Inflation and Pressures

- 4.7 The approach to demography (forecast population growth) has changed for this 2017/18 business planning round. In the 2016/17 Business Plan tables, it was estimated that an additional £325k 'demography' funding would be required by the Public Health Directorate in 2017/18, to meet the service pressures of increased demand resulting from population growth. In the 2017/18 Business Plan tables, it is assumed that this demand pressure will be absorbed within Services' current budgets, so the 2017/18 Business Plan tables 'demography' pressures have been reduced to zero.
- 4.8 Similarly there is a new approach to inflation in the 2017/18 business planning round. In the 2016/17 Business Plan tables, it was estimated that general inflationary pressures would result in an increased funding requirement of £373k for the Public Health Directorate in 2017/18. In the 2017/18 Business Plan tables this has been recalculated using an expected inflation rate of 0% for general inflation. Inflation due to known increases in in-house staff costs is still included, leading to a £14k inflationary pressure, plus an additional £4k pressure for changes to the management pay structure, which has an inflationary effect for the Public Health Directorate, although cost neutral for the wider Council.
- 4.9 Due to the changes in the calculation of 'demography' and 'inflation' funding pressures, between the 2016/17 Business Plan and the 2017/18 Business Plan, the overall savings requirement for the Public Health Directorate has reduced by £680k. Because the majority of Public Health Directorate funding is spent on external contracts, and therefore demography and inflation pressures are mainly allocated to external contractors, there was a £660k saving described in the 2016/17 Business Plan as '(E/R.6.023) No uplift for

demography/inflation/pressures for externally provided public health contracts'. This saving has been removed from the 2017/18 Public Health business planning tables, as the new treatment of 'demography' and 'inflation' pressures means that it is no longer required.

Changes to the 2016/17 Business Plan: Additional Savings Proposals

- 4.8 The total savings requirement for the public health directorate as outlined in para 4.2 is £606k. Due to some 2017/18 savings identified in the 2016/17 business plan being unachievable, together with some reductions in external income, this leaves an additional £359k of savings for 2017/18 to be found in addition to those outlined under para 4.4. Additional or extended proposals identified to date are:

Ref No	New savings for 2017/18 which were not included in the 2016/17 business plan, or were significantly extended	Value of saving £k
E/R. 6.006	The 2017/18 saving of £30k against review of exercise referral schemes, which was in the 2016/17 business plan, has been increased to a total value of £48k. In addition, the ending of a workplace physical activity pilot at the County Council premises 'Scott House' from which the learning has been mainstreamed, and the identification of additional physical activity project budget which is not currently allocated has provided additional savings of £23k. The Health Committee at its November meeting approved two years transformational funding of £513k from public health reserves, for a large scale county-wide physical activity programme, involving all Districts, which is more equitable across the County.	-71
E/R 6.025	The Smoking Cessation service spend on nicotine replacement therapy and on GP practice/Pharmacy payments has been reviewed for the first two quarters of 2016/17. It has been concluded that a saving of £110k can be made on these budgets, while meeting the current level of demand for smoking cessation services.	-110
E/R 6.026	The demand for on-line Chlamydia screening has reduced, and this is also associated with a reduction in laboratory costs for Chlamydia testing,	-50
E/R 6.028	It is proposed that the current Food in Schools public health programme will be recommissioned jointly with Peterborough City Council, and integration will enable some saving.	-25
E/R 6.029	The Traveller Health Team has identified new ways of working, leading to an overall saving of £5k. This involves a reduction of the contract value with Ormiston, to reflect current levels of community worker input, and a small increase in input from the Traveller health team specialist nurse.	-5
6.031	A three year Cambridgeshire County Council contract for a voluntary sector Homestart programme ended in September 2016. The public health grant contribution to funding this contract will no longer be required in 2017/18, creating a revenue saving	-98
	TOTAL	-359

More detail is provided in Annex B

Key risks

- 4.9 The savings requirement resulting from reductions in the national public health grant is challenging. Risks are being mitigated by our contracted services working collaboratively with public health commissioners to identify savings, while maintaining key service outcomes.
- 4.10 The picture for 2018/19 and beyond is less clear. Although the further percentage reductions in the national public health grant for 2018/19 and 2019/20 have been announced, there is still national debate about the future of the public health grant ring-fence, and whether in the longer term, public health services should be fully funded from business rates.
- 4.11 Detailed figures for revenue savings going forward in 2018/19 and beyond have not yet been proposed. Since the majority of the public health budget is spent on externally commissioned services, the main part of these savings will need to be identified through recommissioning of large external contracts as outlined in the Council's transformation plans. Work to develop the programme plan for of recommissioning of these contracts is ongoing.

Further developments

- 4.12 All proposals outlined are draft at this stage. Full Council in February 2016 is the point at which proposals become the Council's business plan.

5. NEXT STEPS

January	General Purposes Committee will review the whole draft Business Plan and review again in late January for recommendation to Full Council
February	Full Council will consider the draft Business Plan

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 accompanying tables.

7.2 Statutory, legal and risk implications

Due to continuation of the public health ring-fence during 2017/18, public health grant spend must continue to meet the grant conditions. Key risks and mitigations are outlined in paragraphs 4.9, 4.10 and 4.11.

7.3 Equality and Diversity

Equality and diversity implications are considered in the Community Impact Assessments (CIAs) provided in Annex B.

7.4 Engagement and Communications

In addition to the wider engagement and consultation on the County Council's Business Plan, ongoing engagement with service providers, stakeholder organisations, and across Council directorates has taken place during development of these proposals.

7.5 Localism and Local Member Involvement

There are no significant implications.

7.6 Public Health

The impact of each proposal on public health outcomes has been considered as part of the prioritisation process, aiming to minimise negative impacts

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes 5 th Dec 2016 Clare Andrews
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes 6 th Dec 2016 Fiona McMillan
Are there any Equality and Diversity implications?	Any equality and diversity implications are covered in the Community Impact Assessments in Annex B
Have any engagement and communication implications been cleared by Communications?	Yes 6 th Dec 2016: Matthew Hall
Are there any Localism and Local Member involvement issues?	There are no significant localism or local Member involvement issues
Have any Public Health implications been cleared by Public Health	Yes 6 th Dec Val Thomas

Source Documents	Location
<p>Transformation Programme General Purposes Committee, 26.07.16, agenda item 9</p>	<p>https://cmis.cambridgeshire.gov.uk/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/182/Committee/2/Default.aspx</p>
<p>Demography Update General Purposes Committee, 20.09.16, agenda item 8</p>	<p>https://cmis.cambridgeshire.gov.uk/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/183/Committee/2/Default.aspx</p>
<p>Cambridgeshire County Council Business Plan 2016/17</p>	<p>http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2016_to_2017</p>