

SERVICE COMMITTEE REVIEW OF DRAFT REVENUE BUSINESS PLANNING PROPOSALS FOR 2018-19 TO 2022-23

To:

Meeting Date: **Health Committee**

From: **Dr. Liz Robin, Director of Public Health**

**Chris Malyon, Chief Finance Officer
Tom Kelly, Head of Finance**

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 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 2018-19 to 2022-23 Business Plan revenue proposals for the Service.**

b) It is requested that the Committee comment on the draft revenue savings proposals that are within the remit of the Health Committee for 2018-19 to 2022-23.

Officer contact:	Member contact:
Name: Dr. Liz Robin Post: Director of Public Health Email: Liz.Robin@cambridgeshire.gov.uk Tel: 01223 703259	Name: Cllr Peter Hudson Post: Chair of Health Committee Email: Peter.Hudson@cambridgeshire.gov.uk

1. OVERVIEW

- 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.

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.	

- 1.2 To ensure we deliver this agenda, our focus is always on getting the maximum possible value for residents from every pound of public money we spend and doing things differently to respond to changing needs and new opportunities. The Business Plan therefore sets out how we aim to provide better public services and achieve better results for communities whilst responding to the challenge of reducing resources.
- 1.3 Like all Councils across the country, we are facing a major challenge. Demand is increasing and funding is reducing at a time when the cost of providing services continues to rise significantly due to inflationary and demographic pressures. Through our FairDeal4Cambs campaign we are currently linking with the 39 Shire County areas who make up membership of the County Council's Network and who are raising the issue of historic underfunding of Shire Counties with our MPs and through them with Government. As the fastest growing County in the country this financial challenge is greater in Cambridgeshire than elsewhere. We have already delivered £186m of savings over the last 5 years and have a strong track record of value for money improvements which protect front line services to the greatest possible extent. However we know that there will be diminishing returns from existing improvement schemes and that the substantial pressure on public finances remains. It is therefore clear that we need to work more closely with local communities to help them help themselves as well as going further and faster in redesigning the way we commission and deliver services.
- 1.4 As such our Business Plan recognises the scale of change needed and proposes a significant programme of change across our services, with our partners and, crucially, with our communities. To support this we have a dedicated transformation fund, providing the resource needed in the short term to drive the change we need for the future.

- 1.5 As the scope for traditional efficiencies diminishes our plan is increasingly focused on a range of more fundamental changes to the way we work. Some of the key themes driving our thinking are;
- Income and Commercialisation - identifying opportunities to bring in new sources of income which can fund crucial public services without raising taxes significantly and to take a more business-like approach to the way we do things in the council.
 - Strategic Partnerships – acting as ‘one public service’ with our partner organisations in the public sector and forming new and deeper partnerships with communities, the voluntary sector and businesses. The aim being to cut out duplication and make sure every contact with people in Cambridgeshire delivers what they need now and might need in the future.
 - Demand Management – working with people to help them help themselves or the person they care for e.g. access to advice and information about local support and access to assistive technology. Where public services are needed ensuring support is made available early so that people’s needs don’t escalate to the point where they need to rely heavily on public sector support in the long term– this is about supporting people to remain as healthy and independent as possible for as long as possible.
 - Commissioning – ensuring all services that are commissioned to deliver the outcomes people want at the best possible price – getting value for money in every instance.
 - Modernisation – ensuring the organisation is as efficient as possible and as much of the Council’s budget as possible is spent on front line services and not back office functions taking advantage of the latest technologies and most creative and dynamic ways of working to deliver the most value for the least cost.
- 1.6 The Council continues to undertake financial planning of its revenue budget over a five year period 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, with a focus on those which are relevant to this Committee. Increasingly the emerging proposals reflect joint proposals between different directorate areas and more creative joined up thinking that recognise children live in families and families live in communities, so many proposals will go before multiple Committees to ensure appropriate oversight from all perspectives.
- 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 Equally as our proposals become more ambitious and innovative, in many instances they become less certain. Some proposals will deliver more or less than anticipated, equally some may encounter issues and delays and others

might be accelerated if early results are promising. To manage this we need to incorporate some changes to our business planning approach, specifically;

- We want to develop proposals which exceed the total savings/income requirement – so that where some schemes fall short they can be mitigated by others and we can manage the whole programme against a bottom-line position
- We aim to establish a continual flow of new proposals into the change programme – moving away from a fixed cycle to a more dynamic view of new thinking coming in and existing schemes and estimates being refined
- A managed approach to risk – with clarity for members about which proposals have high confidence and certainty and which represent a more uncertain impact

1.9 The Committee is asked to comment on these initial proposals for consideration as part of the Council's development of the Business Plan for the next five years. Draft proposals across all Committees will continue to be developed over the next few months to ensure a robust plan and to allow as much mitigation as possible against the impact of these savings. Therefore these proposals may change as they are developed or alternatives found.

1.10 Committees will receive an update to the revenue business planning proposals in December at which point they will be asked to endorse the proposals to GPC as part of the consideration for the Council's overall Business Plan.

2. BUILDING THE REVENUE BUDGET

2.1 Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in the attached Table 3, accounting for the forecasts of inflation, demand pressures and service pressures, such as new legislative requirements that have resource implications, as well as savings.

2.2 The process of building the budget begins by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation, the cost of changes in the number and level of need of service users (demand) and proposed investments. Should services have pressures, these are expected to be managed within that service where possible, if necessary being met through the achievement of additional savings or income. If it is not possible, particularly if the pressure is caused by legislative change, pressures are considered corporately. It should be noted, however, that there are no additional resources and therefore this results in an increase in the level of savings that are required to be found across all Council Services. The total expenditure level is compared to the available funding and, where this is insufficient to cover expenditure, the difference is the savings/income requirement to be met through transformational change, and or, savings projects in order to achieve a set of balanced proposals.

- 2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets, such as energy, waste, etc. as well as a standard level of inflation based on government Consumer Price Index (CPI) forecasts. All inflationary uplifts require robust justification and as such general inflation was assumed to be 0%. Key inflation indices applied to budgets are outlined in the following table:

Inflation Range	2018-19	2019-20	2020-21	2021-22	2022-23
Standard non-pay inflation (CPI)	2.2%	2.0%	2.0%	2.0%	2.0%
Other non-pay inflation (average of multiple rates)	3.5%	2.3%	1.7%	1.7%	1.7%
Pay (admin band)	1.0%	1.0%	1.0%	1.0%	1.0%
Pay (management band)	1.0%	1.0%	1.0%	1.0%	1.0%

- 2.4 Forecast inflation, based on the above indices, is as follows:

Service Block	2018-19	2019-20	2020-21	2021-22	2022-23
People and Communities (P&C)	2,197	2,659	2,673	2,673	2,673
Economy, Transport and Environment (ETE)	1,086	1,267	849	874	853
ETE (Waste Private Finance Initiative)	856	918	971	953	945
Public Health	16	19	24	24	24
Corporate and Managed Services	279	128	138	138	138
LGSS Operational	72	88	114	114	114
Total	4,506	5,079	4,769	4,776	4,747

- 2.5 A review of demand pressures facing the Council has been undertaken. The term demand is used to describe all anticipated demand changes arising from increased numbers (e.g. as a result of an ageing population, or due to increased road kilometres) and increased complexity (e.g. more intensive packages of care as clients age). The demand pressures calculated are:

Service Block	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000
People and Communities (P&C)	6,693	7,115	7,583	7,626	8,415
Economy, Transport and Environment (ETE)	269	265	267	265	271
Total	6,962	7,380	7,850	7,891	8,686

- 2.6 The Council is facing some cost pressures that cannot be absorbed within the base funding of services. Some of the pressures relate to costs that are associated with the introduction of new legislation and others as a direct result

of contractual commitments. These costs are included within the revenue tables considered by service committees alongside other savings proposals and priorities:

Service Block / Description	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000
New Pressures Arising in 18-19					
P&C: Children's Change Programme	886	0	0	0	0
P&C: Legal	400	0	0	0	0
P&C: Adoption	367	0	0	0	0
P&C: DSG Contribution to Combined Budgets	3,612	0	0	0	0
ETE: Cambridgeshire and Peterborough Minerals and Waste Local Plan	108	0	-54	-54	0
ETE: Waste PFI	1,175	0	0	0	0
ETE: Removal of P&R charges	1,200	0	0	0	0
ETE: Ely Archives Centre	0	78	0	0	0
ETE: Norwich Tech Partnership Contribution	25	0	0	0	0
ETE: Guided Busway Defects	1,100	200	-1,300	0	0
ETE: Coroner Service	95	0	0	0	0
CS: Commercial approach to contract management	340	0	0	0	0
Existing Pressures Brought Forward					
P&C: Fair Cost of Care and Placement Costs	0	1,500	2,500	1,000	0
P&C: Impact of National Living Wage on Contracts	3,770	3,761	3,277	0	0
P&C: Local Housing Allowance limits - impact on supported	0	412	595	199	0

accommodation					
P&C: Children Innovation and Development Service	50	0	0	0	0
P&C: Multi Systemic Therapy (MST)	63		0	0	0
ETE: Libraries to serve new developments	0	0	49	0	0
CS: Contract mitigation	0	2,000	0	0	0
A&I: Renewable energy - Soham	4	5	4	5	0
Professional and Management Pay Structure - combined	84	0	0	0	0
Impact of National Living Wage on CCC employee costs (combined)	18	74	174	174	174
Total	-	-	-	-	-

3. SUMMARY OF THE DRAFT REVENUE BUDGET

- 3.1 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 £37.2m are required for 2018-19, and a total of £85m across the full five years of the Business Plan. 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.:

Service Block	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000
Total Saving Requirement	37,169	23,614	14,221	3,862	5,951
Identified Savings	-25,433	-3,961	-2,304	-581	-278
Identified additional Income Generation	-6,196	-1,712	542	-201	-13
Residual Savings to be identified	5,540	17,941	12,459	3,080	5,660

- 3.2 As the table above shows there is still a significant level of savings or income to be found in order to produce a balanced budget for 2018-19. While actions are being taken to close the funding gap, as detailed below, it must be acknowledged that the proposals already identified are those with the lower risk and impact profiles and the further options being considered are those considered less certain, or with greater impact.
- 3.3 The actions currently being undertaken to close the gap are:

- Reviewing all the existing proposals to identify any which could be pushed further – in particular where additional investment could unlock additional savings
 - Identifying whether any longer-term savings can be brought forward
 - Reviewing the full list of in-year and 2018-19 pressures – developing mitigation plans wherever possible to reduce the impact of pressures on the savings requirement
 - Bringing more ideas into the pipeline – this work will continue to be led across service areas - recognising that it is the responsibility of all areas of the Council to keep generating new proposals which help meet this challenge. This ongoing focus on finding new ways of working includes the new programme of 'outcomes focused reviews' which have been commissioned in priority areas; this means looking in-depth at services where it is considered further savings or opportunities for creating additional income may be possible
- 3.4 There are also a number of risks or assumptions 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:
- While the Business Plan includes a pressure relating to the increase in the National Living Wage, the phasing of this increase has not been confirmed. Once this is known the pressure will be updated to reflect this.
 - The result of schools funding reforms, in particular the control of the Dedicated Schools Grant shifting further toward individual schools, is still under discussion and the significant current pressure will be updated as the outcome of this discussion becomes clear.
 - Movement in current year pressures – Work is ongoing to manage our in-year pressures downwards however any change to the out-turn position of the Council will impact the savings requirement in 2018-19. 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. As such there is some uncertainty around the accuracy of our funding assumptions which will become clearer after the Government's Autumn Budget is announced on November 22nd and the Local Government Finance settlement due in mid-December.
- 3.5 In some cases services have planned to increase income to prevent a reduction in service delivery. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 3.6 This 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. New proposals are developed across Council to meet any additional savings requirement and all existing schemes are reviewed and updated before being presented to service committees for further review during December.

- 3.7 The level of savings required is based on a 2% increase in Council Tax, through levying the Adults Social Care precept in, but a 0% general Council Tax increase. It should be noted that the Government has only confirmed that ASC precept will be available up to and including 2019-20. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.
- 3.8 There is currently a limit on the increase of Council Tax to 1.99%, above which approval must be sought from residents through a positive vote in a local referendum. It is estimated that the cost of holding such a referendum would be around £100k, rising to as much as £500k should the public reject the proposed tax increase (as new bills would need to be issued).
- 3.9 Following October and 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

4. OVERVIEW OF PUBLIC HEALTH'S DRAFT REVENUE PROGRAMME

- 4.1 The majority of public health grant funding (over 90%) is spent on external contracts, with organisations which provide services at individual client level, such as health visiting, school nursing, contraception and sexual health, drug and alcohol treatment, smoking cessation and weight management.
- 4.2 The transformation programme for Public Health Services over the next five years focuses on the following 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.
- 4.3 Public Health services are funded by a ring-fenced grant from the Department of Health which currently totals £26,946K. Following a period where the level of public health grant was increased in 2013/14 and 2014/15, central government made the decision to reduce the public health grant over a five year period from 2016/17. In 2016/17 the grant to CCC was reduced by £2.3M and from 2017/18 to 2019/20 the grant is expected to reduce by approximately £0.7M per year. These are cash reductions to the grant, which do not take account of local inflation, pressures or demography.
- 4.4 It is important to note that public health 'inflation' as outlined under para 2.4 appears very low. The reason for this is that public health contracts with

external providers have been agreed with no inbuilt year on year uplifts for inflation or demography - therefore providers are expected to absorb wage inflation (e.g. NHS pay settlements) and other inflationary or demographic pressures through their own cost improvement programmes, and there is no direct inflationary pressure on the Council's commissioning budgets.

- 4.5 As noted above, transformation of the services we commission has been the main focus in developing new savings proposals for 2018/19 to meet the reduction in the national public health grant received by the Council. Therefore service transformations which support the required savings are negotiated collaboratively within existing contracts, or when the opportunity for new procurements arises. 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 Figure 1 below:

Service Category	Original Funding April 2015	Cash Saving 2016/17	Cash Saving 2017/18	% Cash Saving
Drug and alcohol services	£6269k	£289k	£100k	6.2%
Sexual Health & Contraception	£5692k	£280k	£100k	6.7%
Smoking Cessation & Tobacco Control	£1253k	£220k	£110k	26.3%
General Prevention: Obesity, Health Checks, Falls Prevention	£2465k	£125k	£101k	9.3%
Health Protection & Emergency Planning	£16k	£10k	No saving	63%
Public Mental Health	£224k	£60k	£60k reinvested	0%
Children's 0-19 Public Health Services	£9527k (indicative)	£190k	£188k	4%
Public Health Directorate staffing & Income generation	£2567k	£524k	£75k	23.2%

- 4.6 The public health savings proposals for 2018/19 can be summarised as follows. The full table of proposals can be found in Appendix 1 and the associated Business Cases and Community Impact Assessments are contained in Appendix 2 in draft form and these will be updated as the savings proposals develop

Drug and alcohol misuse services: Current budget £5,845k; Proposed saving £154k. *[Please note that, due to technical issues, the drug and alcohol misuse service budgets have not yet been incorporated into the Public Health opening position for 2018/19 in the attached financial tables. This will be corrected before the tables are finalised.]* Preparations are being made to take the adult Drug and Alcohol Services out to tender. Savings are proposed firstly through integration of drug and alcohol services, which are currently commissioned as separate services from the same provider. Secondly from transforming the service model to one more in line with the needs identified in the recent Drug and Alcohol misuse JSNA. Notably an aging long-term drug using population require ongoing support for physical and mental health and a focus on recovery, using cost-effective peer support models to avoid readmission to the acute drug and alcohol treatment services.

Sexual health and contraception services: Current budget £5,297k; Proposed saving £140k. There are proposals to transform aspects of the model of delivery for sexual health services, firstly through moving to online screening and postal samples for low risk patients who do not have symptoms of infection. Secondly through reviewing the 'hub and spoke' model for sexual health clinics, as many patients prefer to use the 'hubs' and there is low attendance at some 'spoke' clinics. Thirdly through providing oral contraception to low risk patients who are registered with a GP for one year only and then referring back to their GP.

Behaviour change/preventing long term conditions: Current budget £3,638k; Proposed saving: £84k It is proposed that these savings would be made within the commissioned Integrated Lifestyle and Behaviour Change Services, through efficiencies and transformation following the transfer of the CAMQUIT Stop Smoking Service to Everyone Health earlier this year, which would not affect front line services.

Children's public health services age 0-19 services: Current budget £9,200k; Proposed saving £238k Savings are proposed for the Cambridgeshire Community Services NHS Trust (CCS) Section 75 contract for Health Visiting and School Nursing - through a combination of modernisation and efficiency, including a reduction in management costs, and a move to a more targeted offer. The use of technology will enable efficiency savings - for example online training for schools, introduction of a duty desk to manage and coordinate all referrals and a text messaging service for children and young people. The proposals also include some changes to delivery approaches - and reduction in school nursing services in low risk schools where there is low take up of services. A change to skill mix for some mandated checks for low risk families receiving the universal health visiting service is also proposed. Across the service resources will be target to areas of greatest need and delivery will be needs-led and evidence based, with evaluation of the changes made.

Public health directorate staffing and non-pay budgets: Current budget £2,421k Proposed saving: £49k This will be achieved through rationalisation of posts within the Directorate.

Public Mental Health Budget efficiencies: £7k. Reduction in public mental health budget of £7k, resulting from removal of non-recurrent set up costs, spent in 2017/18. This will not result in any reductions to services.

Unidentified savings: £28k Further savings of £28k will be required to meet the savings requirement from public health grant reductions in 2018/19 and alternatives are being explored.

- 4.7 A financial risk associated with the savings outlined above is that the Drug and Alcohol Services procurement is scheduled for implementation in October 2018. This means that savings will only have a part year effect and some use of public health reserves is likely to be needed to cover the first half of the year. Savings would be further reduced by any delay to the procurement process. A more general risk is that a number of the proposals developed with commissioned services are transformational and innovative – therefore while they may have been trialled elsewhere with promising results, they will need ongoing local monitoring and evaluation
- 4.8 It is important to note that these are draft proposal at this stage, and subject to further development. The point at which proposals become the Council's Business Plan is at Full Council in February 2018.

5. NEXT STEPS

December	Service Committees will review draft proposals again, for recommendation to General Purposes Committee
December	General Purposes Committee will consider the whole draft Business Plan for the first time
January	General Purposes Committee will review the whole draft Business Plan 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 provide support to the local economy through their role in maintaining a healthy and productive workforce.

6.2 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.

6.3 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.

7. SIGNIFICANT IMPLICATIONS

7.1 Resource implications

Resource implications are outlined in paras 4.3-4.6

7.2 Statutory, Legal and Risk Implications

Details of the ring-fenced public health grant are given in para 4.3. Significant risks are outlined in para 4.7.

7.3 Equality and Diversity Implications

Equality and diversity implications are considered in the Community Impact Assessments in Appendix 2.

7.4 Engagement and Communications

There has been strong engagement with provider organisations in developing these proposals, and they will be considered as part of the Council's consultation on the Business Plan.

7.5 Localism and Local Member Involvement

There are no significant implications at this stage.

7.6 Public Health Implications

The savings proposals made 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 4 October 2017 Name of Financial Officer: Clare Andrews
Have Procurement implications been cleared?	Yes 4 October 2017 Name of Procurement Officer: Paul White
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes 2 October 2017 Name of Legal Officer: Fiona McMillan
Are there any Equality and Diversity implications?	Outlined in draft community impact assessments 9 October 2017 Liz Robin :
Have any engagement and communication implications been cleared by Communications?	Yes 5 October 2017 Name of Officer: Matthew Hall
Are there any Localism and Local Member involvement issues?	No 9 October 2017 Liz Robin
Have any Public Health implications been cleared by Public Health	Yes 9 October 2017 Liz Robin

Source Documents	Location
Strategic Framework	https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/182/Committee/2/Default.aspx