

**Joint Report of the County Treasurer and Director of Public Health****2015/16 Budget**

**Recommendation :** that the Scrutiny Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the draft Revenue Budget 2015/16 and Capital Programme for 2015/16 to 2019/20.

1. Introduction and Commentary

- 1.1 At its meeting of 10th December 2014, Cabinet set Revenue Budget targets for 2015/16. The targets incorporate inflation, commitments and budget reductions required to set a budget within reduced funding levels provided by Government in the recent provisional financial settlement.
- 1.2 A number of major decisions remain to be taken. At this stage, the final outcome of the Local Government Finance Settlement is awaited and details of the council tax base, collection fund surpluses and tax base yield have yet to be confirmed. Information should be available by the time that County Council considers final budget proposals for 2015/16 on 19th February 2015. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 26th February 2015 has been set aside for a second County Council budget meeting if required.
- 1.3 The draft budget attached to this report complies with the targets set by Cabinet on 10th December 2014 which total £437.7 millions. The total includes funding for commitments of £8.2 millions that mainly relates to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. A further £11.7 millions is included to meet the effect of inflationary pressures within the Authority's service provision. Savings of £45.9 millions and the removal of £0.5 millions one-off spending in 2014/15 are required to set a balanced budget.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The People's Services budget has provided inflation and commitments of £16.0 millions with budget savings set at £32.1 millions. The Place budget provides for inflation and commitments of £2.7 millions with budget savings set at £9.3 millions and removal of one-off spending in 2014/15 of £0.5 millions. Corporate Services provides for inflation and commitments of £1.2 millions with budget savings set at £4.5 millions.
- 1.5 This report provides detailed budget proposals in respect of Public Health, in line with the targets outlined in paragraph 1.1. The Budget Scrutiny day will provide Members with the opportunity to question further, budget issues for 2015/16 and beyond. In addition, detailed questions can be raised in advance of the Budget Scrutiny day by using the central DCC mailbox [scrutiny@devon.gov.uk](mailto:scrutiny@devon.gov.uk)

## 2. Influencing Factors for Cabinet Consideration

- 2.1 The Secretary of State for Communities and Local Government announced the Provisional Local Government Settlements for 2015/16 on 18th December 2014.
- 2.2 The Comprehensive Spending Review established the financial strategy for the national economy, with Local Government bearing substantial reductions in grant funding. The Autumn Statement published in December, although not increasing funding reductions for local government, confirms that budget reductions for 2015/16 remain. This year's General Election brings a degree of uncertainty, but all main political parties have indicated their intention to maintain public sector spending reductions in to the foreseeable future, to reduce the debt of the nation.
- 2.3 In terms of the County Council the Provisional Settlement for 2015/16 provides for a baseline funding level of £178.918 millions which includes £85.750 millions of Revenue Support Grant. The baseline funding level includes an additional £553,000 in recognition of the additional cost of providing services in rural areas. The Provisional Settlement is in line with expectations.
- 2.4 In terms of the level of funding in 2015/16 compared to 2014/15 the Secretary of State has quoted a 'spending power' increase of 0.5% for Devon against an average of 2.1% reduction nationally. The way in which 'spending power' is calculated does not give a true indication of the way Government Grant has diminished because it includes some redirected NHS money and council tax revenues. As a result it understates the real level of grant reduction. A fairer underlying measure is how the baseline funding level has reduced. On a like for like basis this has reduced by 14%.

## 3. Changes to the 2015/16 Corporate Services Base Budget

- 3.1 The major changes to the 2015/16 budget are as follows:-

	£'000
Adjusted Budget Approved by the Council for 2014/15	42,432
Inflation and Commitments	1,250
Budget reduction	(4,541)
Target Approved by Cabinet 10th December 2014	39,141

These are figures for Corporate Services of which Health and Wellbeing is part of.

## 4. Service Specific Budget Issues

- 4.1 The grant remains ring fenced for 2015/16 and for 2016/17. The value of the grant for 2015/16 was announced on 9th September 2014 and remains unchanged at £22.060 millions. In line with earlier Department of Health communications, a substantial increase in the value of the grant had been anticipated as Devon receives one of the lowest levels of funding across the country, with the value per capita equating to £29 against a national average of £51. This puts Devon in a position of joint seventh lowest in the country for Public Health funding to local authorities in England.
- 4.2 In October 2015 commissioning responsibility for the 0-5 children's services transfers to the Council from NHS England. A further grant is to be received to cover this responsibility for the 6 months to March 2015 and indicative figures

for this grant have been used in the budget. These further funds are deemed to be part of the Public Health ring-fenced grant.

- 4.3 In 2016/17 the Public Health grant will be revised subject to a "fair shares" formula which will be based on advice from the Advisory Committee on Resource Allocation (ACRA). The grant will include the 0-5 children's services allocation.
- 4.4 The Public Health Grant provides for responsibilities which transferred to local authorities under the provisions of the Health and Social Care Act 2012 and with effect from April 2013.
- 4.5 The draft budget attached at Appendix A to this report balances expenditure with the grant provided for 2015/16. The future use of the grant and any related health premium payment, is documented in the Strategic Framework for Public Health in Devon 2013-16.
- 4.6 The 2015/16 budget continues to support an increasing provision of public health services in Devon. In 2014/15 healthy weight management programmes for adults and children were commissioned for the first time, to provide support and advice to those of the population whose health would most benefit from increased levels of physical activity and weight reduction.
- 4.7 The healthchecks programme continues to gain momentum and has been augmented by a pilot outreach programme that targets high risk, hard to reach sectors of society. The expectation remains that 20% of the eligible population will be invited to attend a healthcheck each year and that this level of activity will be achieved within the short term (2 -3 years).
- 4.8 The demand on sexual health services continues to grow but the budgetary allocation has increased only marginally for genito-urinary services as we work with providers to achieve increasing value for money from this budget.
- 4.9 Substance misuse remains the largest single area of spend against the grant. This budget has been reduced as other priority areas have been identified for the spend. The new recovery based service, which commenced in 2014/15 is creating alternative pathways to recovery within community settings, and additional sources of funding are continuously being explored to support these.
- 4.10 At this stage no significant shortfall between grant and planned expenditure has been identified, however careful contract and financial monitoring will be necessary in 2015/16 to ensure that this remains the case. The grant is ring-fenced and any variation in spending will need to be contained within the grant. Should spending pressures be identified, in order to contain them, some revisions to spending plans may become necessary.
- 4.11 A new health premium element of funding, commencing 2015/16 is to be linked to progress achieved by the County Council against certain health premium indicators. These indicators have been consulted on but a final decision on what these indicators will be or how any incentive will be earned is yet to be received. The national pot of funding for all related awards is small, at only £5 millions, and no significant increase in funding is therefore anticipated from any incentive reward.
- 4.12 A risk assessment is attached at Appendix B.

5. Capital Programme

5.1 There is no Capital Programme in relation to Public Health

6. Equality Impact Needs Assessment

6.1 Under the Equality Act 2010, the County Council has a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. This duty applies to the eight 'protected characteristics' of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Where relevant, Impact Assessments and consultations are carried out to consider how best to meet this duty and mitigate against the negative impact of service reductions. The results of public consultations are published via Tough Choices.

6.2 The report Meeting the Challenge - Budget 2014/5 Impact Assessment is an assessment of the potential impacts and mitigations for all service reductions since 2013/4. With the majority of savings strategies agreed last year, only a handful of new proposals are being put forward this year. The report includes a corporate overview of all new and ongoing savings strategies as well as links to detailed service level assessments and has been informed by recommendations of the Equality Reference Group, made up of key equality stakeholder organisations from the voluntary/community sector.

6.3 The Council's new vision Better Together was launched in May 2014. It presents a set of desired outcomes for Devon and proposes a new partnership with citizens and communities. A new 'operating model' describes how we will change our structure, processes and culture to meet these challenges. Better Together has five themes: resilient, healthy, prosperous, connected and safe. The 'resilience' theme, in particular, will help mitigate against the negative affect of public sector cuts.

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Electoral Divisions : All

Local Government Act 1972

**List of Background Papers**

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Background Paper Date File Ref

Nil

Date Published: 7th January 2015

**Public Health Budget 2015/16**

## Appendix A

### Public Health

2014/15 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2015/16 <b>Outturn Budget £'000</b>	2015/16 Net Changes £'000
<b>Public Health</b>					
(22,060)	Public Health Income	0	(22,060)	<b>(22,060)</b>	0
5,926	Sexual Health	5,994	0	<b>5,994</b>	68
854	NHS Health Check Programme	903	0	<b>903</b>	49
120	Health Protection	153	0	<b>153</b>	33
87	National Child Measurement Programme	88	0	<b>88</b>	1
501	Public Health Expert Advice	392	0	<b>392</b>	(109)
676	Obesity	437	0	<b>437</b>	(239)
370	Physical Activity	326	0	<b>326</b>	(44)
6,612	Substance Misuse	6,226	(148)	<b>6,078</b>	(534)
1,401	Smoking and Tobacco	1,196	0	<b>1,196</b>	(205)
2,945	Children 5-19 Public Health Programmes	2,958	0	<b>2,958</b>	13
(2,568)		18,673	(22,208)	<b>(3,535)</b>	(967)
<b>Miscellaneous Public Health</b>					
891	Community Safety, Violence Prevention	948	0	<b>948</b>	57
0	Mandated 0-5 Children's Services	4,509	(4,509)	<b>0</b>	0
1,109	Other Public Health	819	0	<b>819</b>	(290)
1,107	Support Services	1,093	0	<b>1,093</b>	(14)
332	Public Mental Health	595	0	<b>595</b>	263
3,439		7,964	(4,509)	<b>3,455</b>	16
<b>871</b>		<b>26,637</b>	<b>(26,717)</b>	<b>(80)</b>	<b>(951)</b>

<b>£'000</b>	<b>Breakdown of Gross Income</b>	<b>£'000</b>
(22,060)	Government and EU Grants	(26,569)
0	Internal Recharges	(148)
(22,060)		(26,717)

<b>2014/15</b>	<b>Grants Paid to External Organisations</b>	<b>2015/16</b>
<b>£'000</b>		<b>£'000</b>
10	Grant - Exmoor National Park	10
20	Grant - Dartmoor National Park	20
25	Grant - Devon Rape Crisis	50
70	Grant - Exeter Community Initiatives	70
10	Grant - Young Devon	10

## **Service Commentary**

Responsibility for some key public health functions transferred from the NHS into local authorities with effect from 1st April 2013. The Council is allocated a ring-fenced grant to help deliver against these responsibilities.

Since the transfer into the Council, Public Health have taken on strategic and commissioning responsibility for domestic violence services as well as commissioning new services for the County. These new services include NHS Healthchecks as well as programmes aimed at increasing physical activity and weight management.

During 2015/16 the responsibility for commissioning Health Visitor services will transfer in to the Council, under the responsibility of Public Health. These services are currently provided through the Integrated Children's Services contract that is delivered by Virgin Care Limited. This contracting arrangement will not change. The additional budgetary allocation to cover this transfer of responsibilities has not yet been confirmed.

<b>Public Health Analysis of changes:</b>	<b>Change £'000</b>
<b>Technical and Service Changes</b>	
Sexual Health - increased demand on services	68
NHS Health Check - increased activity	49
Health Protection - staffing changes	33
National Child Measurement Programme - minor staffing changes	1
Public Health Expert Advice - staffing reallocation	(109)
Obesity - priority shift to mental health	(239)
Physical Activity - procured service less than previous budget	(44)
Substance Misuse - service reduction and new ways of working	(534)
Smoking and Tobacco - reduced activity in commissioned services and other savings	(205)
Children 5-19 Programmes - staffing changes	13
Community Safety and Violence Prevention - staffing changes	57
Other Public Health - reduction in funding to districts and accident prevention savings	(290)
Support Services - general savings	(14)
Public Mental Health - priority new service for children and young people	263
<b>Total</b>	<b>(951)</b>

## Staffing Data

	2014/15		2015/16		Total FTEs
	Adjusted Total	Changes	Revenue Funded	Externally Funded	
	FTEs	FTEs	FTEs	FTEs	
<b>Public Health</b>	31	0	0	31	<b>31</b>

## Grants and Contributions

Service	Funded by	Amount £'000
Public Health	Department of Health	22,060
0-5 Childrens Services	Department of Health	4,509
<b>Total</b>		<b>26,569</b>

## Service Statistics

<b>PUBLIC HEALTH</b>	Unit of Measurement	2013/14 actual	Change	2014/15 actual
Healthchecks offered	Individuals	33,153	12,461	45,614
Healthchecks received	Individuals	14,142	6,469	20,611
Adults referred to weight management services	Individuals	0	1,134	1,134
Adults completing weight management programme	Individuals	0	363	363

## Appendix B

### Public Health Risk Assessment

<b>Service</b>	<b>Budget 2015/16 £'000</b>	<b>Risk and Impact</b>	<b>Mitigation</b>
Healthchecks	903	This service is still subject to considerable volatility. Healthchecks are not being delivered at national target level, and the budget reflects the delivery model not the targeted level.	Careful contract monitoring and management to enable providers to manage demand for the service within allocated budget.
Sexual Health	5,994	The demand on sexual health services continues to escalate with an element of services provided out of area through open access clinics in other local authority areas, over which the County Council has limited visibility or control.	Careful negotiation with in-area providers to ensure that value for money is achieved and where possible exposure to increased demand is capped.
Substance Misuse	6,078	The budget for this service has been cut by £534,000 as a combination of exploring new ways of working and reducing spend.	Tight monitoring of activity and spend as well as ongoing activity to work more closely with other commissioners to reduce costs and drive new partnerships.
0-5 Children's Services	4,509	The commissioning responsibility for this service transfers to the Council from October 2015. Enforcement of the mandated commissioning route for elements of the service, could pose a risk to these elements. Additionally the budgetary allocation may be less than the service has cost in previous years.	Negotiation with partners to ensure that the contract for 2015/16 is within the funding allocated, and to ensure that the commissioning responsibilities across partners are fulfilled and a full service is delivered.