

**Report of Director of Public Health and Head of Finance Public Health**

**Report to Scrutiny Board (Adult Social Services, Public Health, NHS)**

**Date: 15th March 2016**

**Subject: Delivery of Public Health Budget Savings 2016/17**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The Local Government Finance Settlement was announced on the 8<sup>th</sup> February 2016. The impact for Leeds was a reduction of £34.1m to the Council's adjusted Settlement Funding Assessment. The 2016/17 budget was approved by Full Council on the 23<sup>rd</sup> February and includes some £76.3m of savings that need to be achieved in order to balance.
2. Within Public Health £4.84m of savings have been identified in the budget. As requested by Members of the Scrutiny Committee this report outlines the proposals for delivering these savings in 2016/17. In order to avoid duplication the report follows an existing reporting format that was successfully used to track savings delivery in 2015/16.

**Recommendations**

3. Members are asked to consider the robustness of the arrangements for ensuring delivery of the £4.84m of savings identified in the Public Health budget 2016/17 and provide feedback on future monitoring arrangements.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to inform members of the arrangements that are in place to ensure delivery of the £4.84m of savings identified in the Public Health budget for 2016/17.

## **2 Background information**

- 2.1 Local Government has faced significant cuts in funding over the last 6 years (over 40% reduction) and this is set to continue for at least 4 more years. Savings have become harder and harder to identify and deliver and for this reason this financial year we introduced a system to track the delivery of budget savings in-year. CLT and Cabinet have received regular updates during the year and it has proved to be a useful monitoring tool.
- 2.2 Following a request from the Chair of Scrutiny Board (Adult Social Services, Public Health, NHS) today's report incorporates the first 2016/17 savings monitoring report for Public Health. It will be updated throughout the year and can be made available for further Scrutiny meetings.
- 2.3 The report lists all approved budget savings proposals and provides a RAG rating which assesses the likelihood that the saving will be delivered (Appendix 1). The ratings used are as follows:
- Red – Significant concerns about delivery of saving. Majority of saving may not be delivered. Action required.
  - Amber – Some concerns about delivery of saving. Likely that some of saving will not be delivered. Action should be considered.
  - Green – No or few concerns about delivery of saving. All savings should be delivered. No action necessary.
  - Blue – savings have been delivered and 'banked'.
- 2.4 It is important to note that this report only monitors the delivery of agreed budget savings. It does not pick up other budget pressures that may manifest themselves during the year. The monthly budget monitoring reports to Executive Board covers all these other areas.

## **3 Main Issues**

### **3.1 Grant Allocation**

On the 4th November, Government announced the outcome of the consultation on the implementation of a £200m national in-year cut to the 2015/16 ring-fenced Public Health grant allocation. This confirmed the Department of Health's preferred option of reducing each local authority's allocation by 6.2%, which resulted in a reduction of £2.82m for Leeds in 2015/16.

In the Spending Review and Autumn Statement, the Government indicated it will make savings in local authority public health spending with a further cash reduction of 2.2% in 2016/17. It has become apparent that these reductions are in addition to the 6.2% 2015/16 reductions which will now recur in 2016/17 and beyond. Confirmation of the funding allocation was received on 11<sup>th</sup> February 2016 and there will be reduction to the Council's public health grant of £3.9m (7.7%) in 2016/17. The indicative allocation for 2017/18 is £45,481k, a reduction of £1,159k (2.5%) compared to 2016/17.

## 3.2 Savings

### 3.2.1 Efficiencies £-800k

The efficiencies comprise a combination of expired contracts, ending of one-off contributions, reductions in activity levels and activities now funded by other contracts or organisations. The savings cover the following areas:

	£000
Healthy Living Services	-269
Sexual Health	-73
Mental Health	-26
Domestic Violence	-40
Addiction Services	-100
Health Protection	-97
Area Health & Wellbeing	-92
Other	-103
	<u>-800</u>

These savings will be achieved and impacts minimised, by a combination of reduced funding to partnerships, planned ending of contracts and transfer of responsibilities/reduction in diagnostics, treatment or posts and planned ending of campaign contributions.

### 3.2.2 Staffing savings £-423k

Within the Public Health structure, there are a number of vacant posts which are not being filled. In addition, it is anticipated that further staff turnover during 2016/17 will result in additional savings. The impacts that will be felt, and need to be managed include mandatory public health support to the Clinical Commissioning Groups (CCGs), area working, health protection responsibilities, health improvement activities and support to commissioning public health services.

### 3.2.3 Review of commissioned services £-3,616k

Public Health commission a wide range of providers to deliver public health services, these include; 3<sup>rd</sup> sector, GPs, Pharmacies, Leeds Community Healthcare. Public health also jointly commission services with other Council directorates including Neighbourhood Networks, Luncheon Clubs, HIV services

and residential rehabilitation. In addition the grant contributes to some Council run services such as Children's Centres, Healthy Schools and Active Lifestyles.

A review of all commissioned services has taken place which has resulted in the some public health services being stopped and others receiving a reduction in funding. These cuts will affect all Public Health commissioned services including direct commissioning, joint commissioning with other Council Directorates and Council run services. The savings comprise the following areas:

Third Sector £-738k

- £-163k – 5% saving on contracts due to expire and to be extended for a further year. These are held with 22 3<sup>rd</sup> sector providers to improve health and wellbeing including services both citywide and within localities. These services cover community development, food and nutrition, vulnerable groups, older people, sexual health, domestic violence, mental health, cancer screening, children's physical activity, obesity and breastfeeding. £-200k – saving on drugs and alcohol services.
- £-375k – saving on Drug Intervention Programme and Integrated Offender Management.

Public Health Services £-524k

- £-291k – reduction within existing NHS contracts including Health Visiting, School Nursing, Healthy Lifestyles, Smoking Cessation, Weight Management, Infection Control.
- £-233k – transfer of TB service to NHS commissioner.

Leeds City Council contributions £-1,753k

- Each contribution was individually assessed to determine the level of reduction. Some were one off contributions which were no longer needed and others have had varying levels of reductions applied to them. The impact on the services is as follows:

	£000
Healthy Living Services	-229
Sexual Health	-88
Mental Health	-30
Addiction Services	-100
Children 0-5	-697
Older People	-406
Health Protection	-14
Other	-189
	<b>-1,753</b>

- In response to the proposed reduction in public health funding in 2016/17 to Council-provided services, the proposal is to use £1.3m of non-recurrent earmarked reserves to maintain priority services through to March 2017.

#### Programmed Budgets £-601k

- Area Health Priorities across East North East, South and East and West North West. Adult Public Health programmes including drugs and alcohol, mental health, sexual health, infection control and fuel poverty programmes. Children's Public Health programmes including obesity, breastfeeding, alcohol, drugs, Infant Mortality, Oral health.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 There may be consultation and engagement implications for some of the individual savings proposals. These will be addressed as a matter of course during implementation.
- 4.1.2 The elected member for Health, Wellbeing and Adults has been consulted at every stage of the budget savings plan, full support and approval has been given.
- 4.1.3 All council processes for governance arrangements and contract variations have been followed. On-going support and communication are in place in order to ensure council processes and communications are robust. This includes working together with PPPU, corporate E&D and the public health cuts corporate communications group.
- 4.1.4 Consultation with providers has taken place at the earliest opportunity. All affected 3<sup>rd</sup> sector providers have confirmed their acceptance of the 5% reduction in contract value. Ongoing support is being provided by Public Health contract managers.
- 4.1.5 Negotiations are progressing with NHS providers and partners in order to agree a shared approach to meeting the savings required in 2016-17
- 4.1.6 All council directorates where public health provide funding for joint commissioning and/or council run services have been consulted. Confirmation has been received that all savings can be achieved either by the relevant directorate absorbing the saving or consultation with relevant providers.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There may be equality and diversity/ cohesion and integration implications for some of the individual savings proposals. These will be addressed as a matter of course during implementation.
- 4.2.2 Equality Impact assessments are being carried out on all affected directly commissioned contracts in conjunction with providers, any issues will be raised at the earliest opportunity.

4.2.3 A strategic Equality Impact Assessment is attached (appendix 2).

### **4.3 Council policies and Best Council Plan**

4.3.1 None specific.

### **4.4 Resources and value for money**

4.4.1 The delivery of agreed budget savings has an obvious direct bearing on value for money and resources. Failure to deliver these savings would place pressure on the council's budgets and could result in the need to use council reserves or cut other service areas.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 None

### **4.6 Risk Management**

4.6.1 In determining the 2016/17 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered to carry the highest risk and therefore requiring careful and regular monitoring

4.6.2 The key risks in the 2016/17 budget for Public Health are as follows;

- Risk of harm to health and increase in health inequalities due to the impact of the public health cuts on commissioned services.
- Failure to realise the savings identified in the cost improvement plan for public health commissioned services in order to meet the public health grant reduction in 2016/17.
- The Office of the Director of Public Health is responsible for 19 contracts which are activity based, there is a risk based on the possibility of fluctuation in particular an increase in demand, some of which funding is determined by NHS tariff costs.
- Risk of unanticipated emergency situation and Health Protection issues for example flu pandemic and outbreaks of infectious diseases, in terms of costs that would have to be met by the council.
- The NICE endorsed alcohol treatment provides a treatment cost pressure, usage by GPs is currently unknown therefore a risk of increased demand with an associated cost pressure.
- Risk of increases in costs for activity based contracts for Drugs and Alcohol in relation to increase in demand particularly for prescribing and dispensing which is a national NHS agreed tariff.

- Risk of failure to recoup costs for genitourinary medicine (GUM) treatment for out of area provision. This is due to national chaos on the provision of GU services for patients outside their place of residence and the need to charge each individual Local Authority.
- Risk of activity and cost increases for sexual health devices - Implants and Intrauterine Contraceptive device (IUCD) as these are determined by the nationally by the NHS.
- Within the general fund budgets, there is a contribution of £613k from the Police and Crime Commissioner to fund work on DIP/IOM. This income has not yet been confirmed for 2016/17. If the income is not received, it is expected that the specific expenditure that this funds will cease.

## **5 Recommendations**

- 5.1 Members are asked to consider the robustness of the arrangements for ensuring delivery of the £4.84m of savings identified in the Public Health budget 2016/17 and provide feedback on future monitoring arrangements.

## **6 Background documents<sup>1</sup>**

- 6.1 Appendix 1 - Public Health 2016-17 savings
- 6.2 Appendix 2 – Strategic Equality Impact Assessment

---

<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.