

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">HEALTH, ADULT SOCIAL CARE AND SOCIAL INCLUSION POLICY AND ACCOUNTABILITY COMMITTEE</p> <p align="center">2nd FEBRUARY 2016</p>
<p>2016 Medium Term Financial Strategy (MTFS) – Public Health</p>	
<p>Report of the Cabinet Member for Health and Adult Social Care</p>	
<p>Report Status: Open</p>	
<p>Classification: For review and comment.</p>	
<p>Key Decision: No</p>	
<p>Wards Affected: All</p>	
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1. EXECUTIVE SUMMARY

- 1.1 The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992. Cabinet will present their revenue budget and council tax proposals to Budget Council on 24th February 2016.
- 1.2 This report sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any changes in fees and charges.

2. RECOMMENDATIONS

- 2.1. That the PAC considers the budget proposals and makes recommendations to Cabinet as appropriate.

3. INTRODUCTION AND BACKGROUND

3.1 The current Medium Term Financial Strategy (MTFS) forecast is set out in Table 1. The 2016/17 budget gap, before savings, is £15.4m, rising to £55.8m by 2019/20.

Table 1 – Budget Gap Before Savings

	£'m	£'m	£'m	£'m
	2016/17	2017/18	2018/19	2019/20
Base Budget	167.4	167.5	167.5	167.6
Add:				
- Inflation	2.3	4.8	7.3	9.8
- Contingency (includes pay)	2.0	4.0	6.1	8.1
- Growth	6.2	10.2	10.4	10.7
- New burden – Independent Living Fund	0.9	0.9	0.9	0.9
- Investment in efficiency projects to realise savings in future years	4.0	0	0	0
Budgeted Expenditure	182.8	187.4	192.2	197.1
Less:				
- Government Resources	(50.3)	(40.2)	(30.8)	(24.0)
- LBHF Resources	(115.1)	(113.9)	(114.5)	(115.3)
- Use of Developer Contributions	(2.0)	(2.0)	(2.0)	(2.0)
Budgeted Resources	(167.4)	(156.1)	(147.3)	(141.3)
Cumulative Budget Gap Before Savings	15.4	31.3	44.9	55.8
Risks	10.2	18.0	22.7	25.5

3.2 Money received by Hammersmith and Fulham Council from central government is reducing significantly every year. Funding reduced by £18m in 2015/16 (to £57.6m) and is forecast to reduce by a further £33.6m from 2015/16 to 2019/20. Based on the Provisional Local Government Finance Settlement the 2016/17 grant reduction¹ is £8.2m. In addition, Government has imposed £2.885m of new responsibilities on LBHF without providing any funding.

3.3 As part of the Provisional Local Government Finance Settlement the government announced that authorities can charge a 2% social care precept. This would raise £1.1m for Hammersmith and Fulham and is

¹ On a like for like basis 2015./16 grant was £57.6m and will reduce by £8.2m to £49.4m in 2016/17. In addition grant of £0.9m will be receivable in 2016/17 for the new burden associated with the Independent Living Fund. Total 2016/17 grant is £50.3m.

included in Government projections of LBHF's spending power². The Council administration does not wish to apply this tax to residents, so it does not form part of the 2016/17 budget proposals.

- 3.4 Locally generated LBHF resources are council tax and the local share of business rates. The 2016/17 business rates taxbase will be confirmed in February. In future years business rates are projected to increase in line with inflation.
- 3.5 Property developments have placed increased pressure on council services in recent years. The budget strategy provides for use of £2m of developer contributions to support relevant expenditure.
- 3.6 Responsibility for supporting Independent Living Fund users transferred to local authorities, from government, in 2015/16. Estimated expenditure is £0.9m in 2016/17. It is anticipated that this will be funded by government grant for the next year, but there is no certainty over future funding following that.

4. GROWTH, SAVINGS AND RISK

The growth and savings proposals for the services covered by this PAC are set out in Appendix 1 with budget risks set out in Appendix 2.

Growth

- 4.1 Budget growth is summarised by Department in Table 2.

Table 2 2016/17 Growth Proposals

	£000s
Adult Social Care	1,475
Children's Services	3,164
Environmental Services	269
Corporate Services	1,218
Libraries and Archives	65
Total Growth	6,191

- 4.2 Table 3 summarises why budget growth is proposed:

² As part of the settlement announcement the government state their view of the cut in local authority spending power. As well as government funding this includes their assumption on what local authorities will collect through council tax and business rates. For council tax the 2% social care precept is assumed and a 0.8% inflation increase.

Table 3 – Reasons for 2016/17 Budget Growth

	£000s
Government related	2,884
Other public bodies	675
Increase in demand/demographic growth	463
Council Priority	1,774
Existing budget pressures funded by virements from budget underspends/savings	395
Total Growth	6,191

Savings

- 4.3 The council faces a continuing financial challenge due to Central Government funding cuts, inflation and growth pressures. The budget gap will increase in each of the next four years if no action is taken to reduce expenditure, generate more income through commercial revenue or continue to grow the number of businesses in the borough.
- 4.4 In order to close the budget gap for 2016/17 savings of £15.4m are proposed (Table 4).

Table 4 – 2016/17 Savings Proposals by Department

Department	Savings £000s
Adult Social Care	5,321
Children's Services	3,227
Environmental Services	2,799
Libraries and Archives	20
Corporate Services	3,175
Housing	265
Council Wide Savings	1,050
Total All savings	15,857
Less savings accounted for in the grant/resource forecast ³	(455)
Net Savings	15,402

Budget Risk

- 4.5 The Council's budget requirement for 2016/17 is £167.4m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty particularly within the current challenging financial environment. The key financial risks that face the council have been identified and quantified. They total £10.2m. Those that relate to this PAC are set out in Appendix 2.

³ The council has undertaken business intelligence projects that have generated extra grant and council tax income of £0.455m. These are shown within the resource forecast.

5 FEES AND CHARGES

5.1 The budget strategy assumes:

- Adult Social Care, Children’s Services, Adult Learning and Skills, Libraries and Housing charges frozen.
- A standard uplift of 1.1% based on the August Retail Price index for some fees in Environmental Services. All parking charges are frozen.
- In the future, commercial services that are charged on a for-profit basis will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the Council constitution.

There are no proposals regarding fees and charges for Public Health.

6. 2016/17 COUNCIL TAX LEVELS

6.1 Cabinet propose to freeze the Hammersmith and Fulham’s element of 2016/17 Council Tax. This will provide a balanced budget whilst recognising the burden on local taxpayers.

6.2 The draft GLA budget is currently out for consultation and is due to be presented to the London Assembly on 27th January, for final confirmation of precepts on 22nd February. It proposes that the GLA precept will reduce to £276 a year (Band D household). £12 of the £19 Band D reduction to achieve this relates to the end of the Olympic precept paid by London residents.

6.3 The impact on the Council’s overall Council Tax is set out in Table 5.

Table 5 – Council Tax Levels

	2015/16 Band D	2016/17 Band D	Change From 2015/16
	£	£	£
Hammersmith and Fulham	727.81	727.81	0
Greater London Authority	295.00	276.00	(19.00)
Total	1,022.81	1,003.81	(19.00)

6.4 As part of the Provisional Local Government Finance Settlement the government announced that authorities can charge a 2% social care precept. This would raise £1.1m for Hammersmith and Fulham and is included in Government projections of LBHF’s spending power. However,

the Council administration does not wish to apply this tax to residents, so it does not form part of the 2016/17 budget proposals.

- 6.5 Following last year's council tax cut, the current Band D Council Tax charge is the 3rd lowest in England⁴. The Band D charge for Hammersmith and Fulham is the lowest since 1999/2000.

7 Comments of the Executive Director for Public Health on the Budget Proposals

For 2016/17 Public Health will continue to be fully funded by the Department of Health's grant and thus will stay a nil budget service to the Council.

In the spending review it was announced that ring fencing of the Public Health grant would continue for 2016/17 and 2017/18. No statement was made about 2018/19 and beyond. It was also announced that Public Health would in future be funded locally from business rates, but no further details are available at this time.

In addition, there will be reductions in the level of Public Health grant to 2019/20 and a government review of the allocation formula (see below).

Given these developments a root and branch review of the use of the Public Health grant will be undertaken over the next 12 months and a variety of options will be presented for consideration.

7.1 GRANT

2015/16 saw in-year cuts of £1.4M to the Public Health grant. This reduction in funding was met with monies ear-marked for future Public Health activities.

2016/17 will see the Public Health Service receive the full grant for the 0-5 Programme (an additional £2M). However, this will be partially offset by an estimated further reduction in the overall Public Health grant (see below).

PUBLIC HEALTH GRANT MOVEMENTS

	£000's
Original 2015/16 Grant	22,851
In-year Reduction 15/16	(1,417)
Final Base Line 15/16	<u>21,434</u>
2016/17 additional 0-5 Programme Grant	1,996
Estimated reductions for 16/17	(914)
	<u>22,516</u>

⁴ Excluding the Corporation of London

7.2 BUDGETED EXPENDITURE

Public Health England has indicated that the Public Health grant will continue to reduce over the life of this Parliament. In order to maintain a sustainable service there will be a requirement to reduce some spending on Public Health services.

A review of the current services was undertaken by the senior management team and commissioners. The following changes were put forward with the minimum impact to front line services.

Team	Service	Budget 2015/16	Savings 2016/17 000's	Budget 2016/17 000's	% Change
Behaviour Change	Stop Smoking	924	(195)	729	-21%
	Health Checks	414	(90)	324	-22%
	Community Champions	403	(116)	287	-29%
	Other Behaviour Change	35	(25)	10	-71%
	Health Trainers	777	-	777	0%
	Cardiovascular (full year in 16/17)	200	200	400	100%
		2,753	(226)	2,527	-8%
Substance Misuse	Core drug and alcohol re- procurement	3,518	(488)	3,030	-14%
	Starting Over	280	(45)	235	-16%
	Other Substance Misuse	1,076	(61)	1,015	-6%
	Detox & Residential Placements	590	-	590	0%
		5,464	(594)	4,870	-11%
Sexual Health	Sexual Health Screening & Contraception	1,072	-	1,072	0%
	GUM	4,026	-	4,026	0%
	Other Sexual Health (Including HIV & Chlamydia)	1,312	(642)	670	-49%
		6,410	(642)	5,768	-10%
Families & Childrens	School Nursing	1,920	(600)	1,320	-31%
	Obesity & Dietetics	1,089	(239)	850	-22%
	0-5 Programme (full year in 16/17)	1,996	1,996	3,992	100%
	Other Family & Childrens	292	(14)	278	-5%
		5,297	1,143	6,440	22%
Intel & Social Determinants	PH leadership forum (IS210)	6	(6)	-	-100%
	Making every contact count	15	(13)	2	-87%
	Specialist project work	15	(5)	10	-33%
	NHS data access	5	(5)	-	-100%
	Other Intel & Social Determinants	48	-	48	0%
		89	(29)	60	-33%
Total Contracted Services		20,013	(348)	19,665	-2%
Salaries and overheads		1,435	(150)	1,285	-10%
Public Health Investment Fund		2,185	(23)	2,162	-1%
Total Budgeted Spend		23,633	(521)	23,112	-2%

These reductions are to be made through a review of each service.

7.3 PUBLIC HEALTH INVESTMENT

In addition to the commissioned services, it has been recognised that a number of other Council departments provide services that meet both desired Public Health outcomes and the conditions of the grant.

Public Health will continue to work with other departments to build on the projected spend of £2.2M for 2015/16.

7.4 RESERVES

The combination of on-going services and planned investment in other departments for 2016/17 requires a draw-down of £596,000 from the Public Health reserves. In 2014/15, unspent grant of £4.1M was rolled forward for future Public Health use (as per the grant conditions). It has been recognised that investment in other departments to deliver desired outcomes is a good use of these reserves.

8 Equality Implications

8.1 Equality Impact Analysis ('EIA') will be undertaken for each service review.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

Appendix 1 – Service Overview

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1.1 Public Health is concerned with the health of the entire population, rather than the health of individuals and that a collective effort is required to tackle the wide range of factors that impact on health. It also recognises that prevention, treatment and care are also important to improving health, but again from a population rather than an individual perspective; services need to be accessible to the whole population. It focuses on 'upstream' interventions that target the circumstances that produce behaviour that has an adverse impact on people's health. With this focus on prevention, many of the benefits take a long time to be realised.

1.2 There are three domains of Public Health:

Health Improvement - including contributing to increased life expectancy and healthier lifestyles as well as reducing inequalities in health and addressing the wider social determinants of health. This is an area where we commission a number of services.

Health Protection and Promotion - including protection from infectious diseases, environmental hazards and emergency preparedness.

Healthcare Public Health - including assisting those who plan health care to understand the health profile and health needs of the local population, and plan services to meet those needs, as well as evaluating how successful services are in meeting needs. This is where our 'Core Offer' to the CCGs sits with the expectation that 40 percent of each Deputy Director's and Public Health Analyst's time is allocated. It is also where the production of Joint Strategic Needs Assessments (JSNAs) sits, which identify needs within the population to support evidence based interventions and outcome based commissioning.

1.3 The responsibilities are divided across five portfolios with business support provided across the department:

- Social Determinants and Public Health Intelligence

This team covers Public Health intelligence and knowledge management. It works across the Councils providing Public Health advice in relation to work, housing, planning and regeneration, crime and violence. It also works to develop Public Health skills in the non-specialist Public Health workforce.

- Children's and Families Service

As well as a focus on Families and Children, including the commissioning of school nursing and the healthy schools

programme, this team leads on early years nutrition, the promotion of health weight, third sector and community engagement and mental health protection and promotion.

- Behaviour Change and Sexual Health

This team commissions a range of services to support behaviour change, including the health check programme as well as delivering the Councils' responsibilities for sexual health and health protection, including assurance of infection prevention, screening, immunisation and health emergency preparedness, resilience and response arrangement.

- Substance Misuse and Offender Care

This team provides care management and assessment for people with drug and alcohol problems. The scope of activity undertaken by the Substance Misuse team includes the delivery of Drug and Alcohol Misuse services, Primary Care and Substance Misuse services for young people.