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Meeting	Health and Well-Being Board
Date	12 <sup>th</sup> June 2014
<b>Subject</b>	<b>Business Planning – Corporate Plan and Medium Term Financial Strategy</b>
Report of	Director of Public Health
Summary of item and decision being sought	A report will be discussed at Policy and Resources Committee on the 10 <sup>th</sup> June 2014 outlining the future financial challenge facing the Council to the end of the decade, and the process whereby Council Committees will consider the response to this challenge, including the setting of budget envelopes for each Committee and the Health and Well Being Board. It will be for each Committee to agree proposals for savings and increased income to deliver the budget envelope. The extracts of this report relevant to the Health and Well-Being Board are set out in the main body of this report.

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Officer Contributors	Dr Jeff Lake, Consultant in Public Health
Reason for Report	To allow the Health and Well-Being Board to consider their response to the future financial challenge facing the Council
Partnership flexibility being exercised	N/A
Wards Affected	All
Status (public or exempt)	Public
Appendices	Policy and Resources Committee report on business planning Service information pack
Contact for further information	Dr Jeff Lake, Consultant in Public Health <a href="mailto:Jeff.lake@harrow.gov.uk">Jeff.lake@harrow.gov.uk</a>

## **1. RECOMMENDATIONS**

- 1.1 That the Health and Well-Being Board note the Finance and Business Planning Report and Priorities and Spending Review report to be considered by Policy and Resources Committee on 10 June as set out in Appendix A;**
- 1.2 That the Health and Well Being Board note the financial target of achieving £700,000 savings, pending agreement by Policy and Resources Committee on 10 June;**
- 1.3 That the Health and Well-Being Board agree nominations for membership of a Working Group to develop the detail of savings proposals;**
- 1.4 That the Health and Well-Being Board agree to report back in the autumn with an agreed commissioning plan and savings proposals for inclusion in the Policy and Resources Committee meeting on 2 December 2014.**
- 1.5 That the Health and Well-Being Board note the service information packs included in Appendix B which provide some contextual information on budgets, past spend and performance data, contracts, customer and staffing data.**

## **2. RELEVANT PREVIOUS DISCUSSIONS AND WHERE HELD**

- 2.1 Not applicable

## **3. LINK AND IMPLICATIONS FOR STRATEGIC PARTNERSHIP-WIDE GOALS (SUSTAINABLE COMMUNITY STRATEGY; HEALTH AND WELL-BEING STRATEGY; COMMISSIONING STRATEGIES)**

- 3.1 Keeping people well is a key ambition of Barnet's Health and Well-Being Strategy. Ensuring people are able to maintain good sexual health is an important component of health and well-being, and is a priority for the Public Health team in Barnet.

## **4 NEEDS ASSESSMENT AND EQUALITIES IMPLICATIONS**

- 4.1 Equality and diversity issues are a mandatory consideration in the decision-making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals emerging from the finance and business planning process have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in train where a negative impact has been identified.

- 4.2 The public sector equality duty is set out in s149 of the Equality Act 2010:

A public authority must have due regard to the need to—

- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and those who do not

- 4.3 The relevant protected characteristics are—

Age;  
disability;  
gender reassignment;  
pregnancy and maternity;  
race;  
religion or belief;  
sex;  
sexual orientation.

- 4.4 The projected increase in the borough's population and changes in the demographic profile will be key factors that need to be considered when determining both the corporate strategy and service responses. Both of these need to also reflect the aspirations and contributions of current residents
- 4.5 Similarly, all human resources implications will be managed in accordance with the Council's Managing Organisational Change policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

## **5. RISK MANAGEMENT**

- 5.1 The Council has taken steps to improve its risk management processes by integrating the management of financial and other risks facing the organisation. Risk management information is reported quarterly to the Board and to Committees and is reflected, as appropriate, throughout the annual business planning process.
- 5.2 Previous budget setting reports have referred to risks in respect of future spending cuts for Local Government. In December, the Government confirmed spending totals for Councils for 2014/15 and 2015/16. This announcement also indicated that austerity is likely to continue until the end of the decade. Current modelling suggests that this is likely to equate to further annual reductions of between £15m and £20m to the Council's budget. For this reason, it is important that the Council continues to be prudent with its use of reserves and contingency to mitigate against future cuts.
- 5.3 The challenges set out in this report require fundamental change in the way Council services are delivered, which impacts on the human resources of the organisation and related policies and practices. This process will be managed in conjunction with Trade Unions and staff.

## **6. LEGAL POWERS AND IMPLICATIONS**

- 6.1 All proposals emerging from the business planning process be considered in terms of the Council's legal powers and obligations (including, specifically, the public sector equality duty under the Equality Act 2010) and, where appropriate, mechanisms put into place to ensure compliance with legal obligations and duties and to mitigate any other legal risks as far as possible.

## **7. USE OF RESOURCES IMPLICATIONS- FINANCE, STAFFING, IT ETC**

- 7.1 This report covers the Council's MTFs and annual business planning process. In March 2014, the Council set a two year MTFs covering the period 2014-15 to 2015-16. Following the local elections in May, and the formation of a new administration for Barnet Council, this report sets out the process for re-defining the corporate plan and priorities, and the process for setting a budget and medium term financial strategy extending through from 2016 through to 2020.
- 7.2 In addition to continued austerity, demographic change and the resulting pressure on services poses a significant challenge to the Council. The organisation is facing significant budget reductions at the same time as the population is increasing, particularly in the young and very old. Given that nearly two thirds of the Council's budget is spent on Adult Social Care and Children's Services, this poses a particular challenge as these services are predominantly 'demand led'. There will also be costs related to infrastructure development. The annual allocation of New Homes Bonus funding is allocated to the infrastructure reserve as a contribution towards these costs.

## **8. COMMUNICATION AND ENGAGEMENT WITH USERS AND STAKEHOLDERS**

- 8.1 Consultation has already commenced to enable the Council to plan for the future, and will continue as options set out in this report are considered further. Consultation follows three broad phases:
- a) Phase 1 – Citizens' panels and focus groups have targeted service users, businesses and some protected characteristic groups to gauge residents' views about local services and priorities.
  - b) Phase 2 – the "Call for Evidence" will conclude at the end of June. This has involved online channels, asking local and national commentators and stakeholders for views on how we meet future challenges, and ensures this thinking is informed by best practice. It was suspended in purdah, and re-opened on 27<sup>th</sup> May. The findings of phases 1 and 2 will be shared through theme committees in July to inform decision making.
  - c) Phase 3 – consultation on specific savings proposals will commence as they are formulated. Theme committees will run consultation on groups of ideas over the summer/autumn to inform proposal development. Individual consultation on specific proposals will take place following agreement of a draft medium term financial strategy and corporate plan at Policy and Resources committee in December.

## **9. ENGAGEMENT AND INVOLVEMENT WITH PROVIDERS**

- 9.1 See Section 8.

## **10. DETAILS**

### **10.1 Strategic Context**

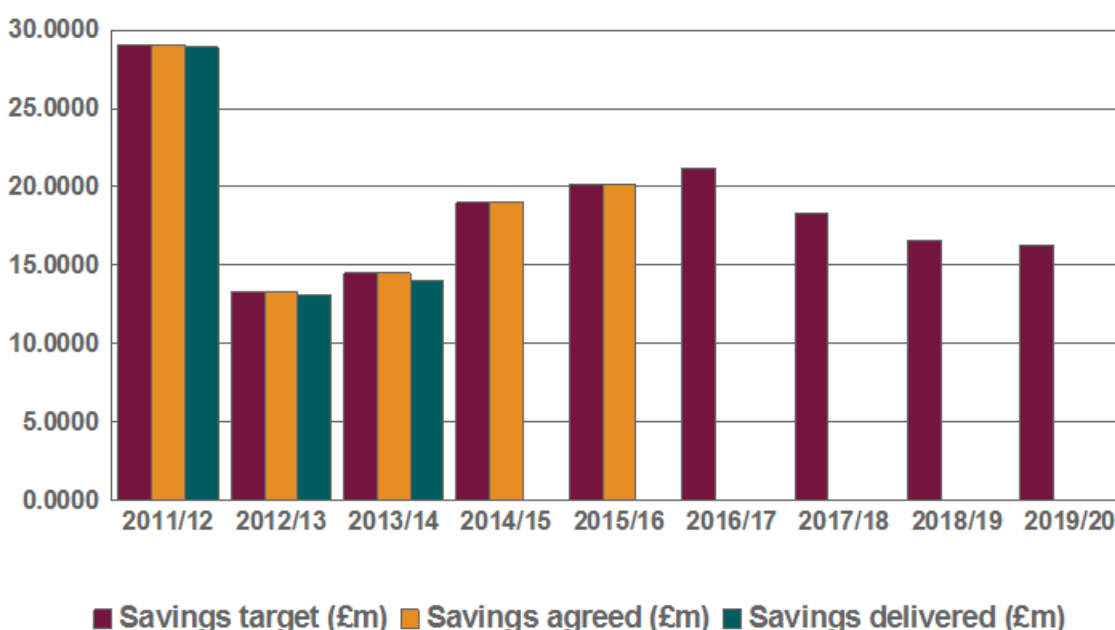
- 10.1.1 The financial position of Local Government is extremely challenging, despite recent improvements in the UK economy. Growth has been slower than originally projected at the 2010 Spending Review. When the Coalition Government first sets its spending plans

and deficit recovery programme, it was projected that the annual budget deficit would be eradicated by 2015. This target has been missed, and it is now expected to be in balance by 2018. Public sector debt as a % of GDP is not currently expected to start falling until 2016/17.

10.1.2 The Government is committed to addressing the budget deficit primarily by cutting expenditure (80%) compared to increasing taxation (20%). Of the total £732 billion bn annual government expenditure, approximately half of this is “non-departmental” spend, primarily welfare and pensions. Welfare expenditure has already been subject to significant cuts. Of the remaining “departmental” expenditure, over 50% of this is protected as it relates to the NHS, schools, defence equipment and overseas aid. Local government, along with transport, police, skills, universities and defence, sits in the remaining non-protected expenditure group. For this reason, a disproportionate level of cuts will continue to fall on Local Government.

10.1.3 In spite of the on-going financial challenges, the Council continues to provide high quality services to residents. Resident satisfaction with the council has increased by 21% since 2010. Compared to 2010, residents think the council is doing a better job, offering better Value for Money, is working to improve the local area, listening to concerns of local residents and responding quickly when asked for help. In addition, 91% of primary and 86% of secondary schools are rated as ‘good’ or ‘excellent’ by Ofsted – among the best performance in the country - and Adults and Children’s services are recognised as ‘excellent’ by external inspectors. The Borough remains an attractive and successful place to live, with 87% of residents satisfied with their local area.

10.1.4 Over the period 2011-15, the Council has worked hard to reduce costs, cut waste, and improve efficiency. Over that period, a total of £75m of annual savings have been found in Council budgets. Tough decisions have been made over this time, including outsourcing support services, setting up joint ventures and shared service arrangements to reduce costs and/or increase income, and better managing demand for social care. Importantly however, the Council is only half way through a decade of austerity, and therefore further work needs to be done to balance the budget to 2020.



10.1.5 The Council's future regeneration programme will see £6bn of private sector investment over the next 25 years to ensure that the Borough remains an attractive place to live and do business. This will create around 20,000 new homes and up to 30,000 new jobs across the Borough, with the Council expecting to receive £5.6 million in recurrent income and £50 million of one off income from the proceeds of growth and regeneration by 2020.

10.1.6 Residents from across the Borough will continue to share in the benefits of growth, with increasing housing development leading to an increase in the tax base and, subsequently, lower Council Tax bills for residents. During these challenging times, the Council does not want to increase financial the burden on families and individuals. This is why the Council has frozen Council Tax from 2010-11 and 2013/14, and reduced Council Tax by 1% in 2014/15.

## **10.2 The Barnet Priorities and Spending Review**

10.2.1 The scale of the challenge is huge. Saving another £72m from the Council's annual budget will require a fundamental shift in the way public services are delivered. Such a scale of change will take time to deliver, and for this reason it is vitally important that the Council has a plan for the future, and this plan stretches not just a couple of years in advance, but for the next 5 years to 2020. As agreed in the budget report to Cabinet in July 2013, Council officers have undertaken a review of budgets, spending and potential opportunities to make further savings over the period 2016-20. This report will be considered by the Policy and Resources Committee on 10 June 2014 and is included in **Appendix A**.

10.2.2 The Priorities and Spending Review has been a process led by officers. It has been informed by public consultation, and officers have engaged with all three main political parties over the last 10 months. The report sets out options for committees to support in developing their responses to future budget challenges. It is important to note than no decisions on future budget savings are being made in this report, it merely provides information to theme committees to enable members to respond to the challenge.

10.2.3 The elements of the PSR report relevant to the Health and Well-Being Board are as follows:

- The PSR has identified options to create efficiency savings through the collaborative service redesign / procurement of sexual health services, overseen by the Health and Well Being Board. This includes spending on services provided in Sexual Health Clinics, such as Family Planning and STI and HIV testing
- In total, approximately £4.4 million is expected to be spent on sexual health services in Barnet in the current financial year, funded from the Public Health grant. Activity growth is approximately 7%/annum which even with our holding to 12/13 tariff results in a significant cost pressure that rises to £1.4 million/year by 2018/19.
- The opportunity for savings identified involves the creation of integrated sexual health services - incorporating family planning and STI/HIV services into one seamless structure – which will tackle current issues of accessibility and

fragmentation. This will expand community provision and drive down the unit cost of care.

**10.2.4 The PSR has identified options to contain the rising costs of sexual health services delivering a financial benefit to the council of approximately £0.7 million in the Health and Well Being Board’s area of responsibility, through the following means:**

<b>Improving organisational efficiency, including:</b>	<b>Approximately £0.7 million</b>
<ul style="list-style-type: none"> <li>• collaborative service redesign / procurement of sexual health services</li> </ul>	
<b>TOTAL</b>	<b>Approximately £0.7 million</b>

### **10.3 Commissioning Plans and the Corporate Plan**

10.3.1 The Corporate Plan is the overarching strategic document for the Council, setting out its commissioning priorities and objectives. The latest Corporate Plan which covers the period 2014-15 to 2015-16 was published in April and has been revised to reflect the new freedoms offered by the Localism Act.

10.3.2 Following the local elections in May, and the formation of a new administration, the corporate plan needs to be updated. Following the creation of the new committee system, there is an opportunity for these committees to set the future direction of the Council. It is therefore proposed that theme committees agree commissioning plans for the period 2015-20, which will be reported back to Policy and Resources Committee in December 2014 as part of a refreshed corporate plan.

10.3.3 The tone of the corporate plan will be guided by an overall narrative of Barnet being a place:

- Of **opportunity**, where people can expect a **good quality of life**
- Where **responsibility is shared, fairly**
- Where people are **helped to help themselves**
- Where **services will be transformed** by a smaller, smarter public sector

### **10.4 Capital Programme**

10.4.1 The medium term financial strategy includes provision for future capital expenditure on Council priorities through to 2020. It is important to note that some priorities, such as school places, are funded in full to the end of the decade. Other priorities, such as housing, investment in roads and pavements, and rolling/cyclical programmes of maintenance, will need to be considered for 2016-20. Detail of the additional capital requirements for the Council is set out in the Priorities and Spending Review report. Theme committees should consider their capital requirements as part of their budget

proposals and agree these by November for inclusion in the draft budget report to Policy and Resources committee in December 2014.

## **10.5 Timetable**

10.5.1 Theme committees will be supported by officers throughout the summer and autumn to develop their response to these targets, agree a package of proposals by November, to enable a draft medium term financial strategy for the Council to be set by Policy and Resources Committee in December 2014.

- **June:** Finance and Business Planning process commences. Each Theme Committee receives a report on the Finance and Business Planning process, the budget envelope to 2020, and a summary of potential savings opportunity. Each Committee is asked to develop commissioning priorities and proposals to inform a new Corporate Plan, commissioning strategy for the Committee, and savings proposals.
- **July – September:** Each Theme Committee initiates working group(s) to work with Officers to identify commissioning priorities and budget savings.
- **October – November:** Each Theme Committee to agree draft commissioning priorities and savings proposals, for submission to Policy and Resources Committee in December.
- **December:** Policy and Resources Committee (2 December)

## **11 BACKGROUND PAPERS**

11.1 None

Legal – LC

CFO – SE/ HC