

Meeting: Well-Being Strategic Partnership Board

Date: 5 October 2010

Report title: Financial Planning/Challenges 2010/11

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Purpose

This paper is intended to enable the partnership to debate the financial situation and its impact and to discuss initial proposals setting out how the partnership will act to meet the financial savings required.

Summary

The public sector has entered very difficult financial times and this will continue for a number of years. The challenge for the partnership is to ensure it focuses on the right priorities to deliver the vision within the 'public purse' available to all partners.

There are a number of key proposals that will affect the partnerships priorities and way of working in the future;

- The Decentralisation and Localism Bill
- The Police Reform and Social Responsibility Bill
- The NHS White Paper - Equity and Excellence: Liberating the NHS (including Commissioning for patients, Local democratic legitimacy in health and Transparency in outcomes - a framework for the NHS)
- The future funding of social care is to be examined by an independent commission on long term care.
- The government also announced that it will not now start the provisions in the Personal Care at Home Act 2010, relating to free care at home.
- Comprehensive Spending Review 2010

Over the next 3 years there will be significant challenges to the funding of the public sector in Haringey. There will be a need to fundamentally re-evaluate all aspects of the way in which the statutory and third sector organisations work.

The challenge is to ensure our future priorities and work programme can fit within the reduced finances and that our reduced planned activities do not lead to an adverse outcome where health inequalities in Haringey increase. The need now is for greater collaboration and joining-up across local organisations at all levels.

There are a number of work streams that have been working through the summer (and are continuing) to enable the partnership to agree a realistic and achievable work programme in the new reduced financial climate;

- A consultation exercise has just finished on the *review of the Well-being Strategic Framework*
- A Voluntary Sector Review is taking place
- The *Sustainable Community Strategy Refresh* is underway
- Strengthening future action on *tackling health inequalities*, and to address the wider social determinants of health
- There has been a thorough and wide ranging review of the Area Based Grant funding.

The effective collaborative work programme of the partnership is under threat by the worst financial position the public sector has faced for a long time. The Well Being Strategic Partnership Board needs to enter into a debate and develop a clear understanding and consensus of its priorities. The work streams described in section 3 demonstrate that the thinking and discussions have already started across the partners. These discussions need to carry on following the Comprehensive Spending Review announcement and the publication of the Public Health White Paper (due in December 2010) until January 2011. The Board will then be in an informed position to agree a work programme for the next three years.

Legal/Financial Implications

The financial implications will become clearer once the Comprehensive Spending Review is announced.

Recommendation

All members of the Board need to engage in this developing agenda and continue to work towards a consensus on the priorities for the future.

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1. Background

At a time of challenge and uncertainty it is often helpful to 'pause for a minute' and remind ourselves of the purpose of the Board in order to ensure our discussion and decision making supports us in working towards our agreed aim.

Taken from the Terms of Reference June 2010

Local residents, statutory, voluntary, community and commercial organisations all have a role to play in improving well-being. This includes access to health and care services; access to appropriate leisure and educational services; access to employment; and opportunities for a healthier lifestyle.

Haringey's **Well-being Partnership Board (WBPB)** will lead in promoting and delivering a Healthier Haringey for **all people aged 18 years and over in Haringey** by:

- improving the health and quality of life of people who live and work in Haringey and reducing health inequalities
- setting a strategic framework, including outcomes and objectives, through which joint priorities can be delivered and through which statutory responsibilities can be carried out
- agreeing joint, overarching priorities for the wider well-being agenda through an annual statement which will guide the work of the Board in the light of the most recent information and developments

2. The Need for financial planning

The public sector has entered very difficult financial times and this will continue for a number of years. The challenge for the partnership is to ensure it focuses on the right priorities to deliver the vision within the 'public purse' available to all partners.

The borough's statutory organisations face the most difficult financial settlement in the history of Haringey, with the Government asking departments to draw up plans to reduce budgets by between 25% and 40%. The Government's decision to cut the deficit in 2 years will have significant consequences for the provision and commissioning of services by the local statutory organisations.

2.1 National context

Public finance including local government services, NHS services and police services have been the subject of much review and debate recently, particularly in the context of the public sector deficit and the new coalition Government announcement to significantly accelerate the reduction in the structural deficit over the course of a Parliament, with the main burden of the deficit reduction borne by reduced spending. The Government has already announced public expenditure cuts of £6.2bn for the current financial year and

these have already had an impact across the statutory organisations and the third sector in Haringey.

The coalition government has also set out their legislative programme for the next 18 months in the Queen's Speech. The speech included the intention to enhance "the role of social enterprises, charities and co-operatives in our public services". This includes proposals to open up public service markets to allow such organisations to bid for the running of public services.

Question: What is the Board's view on this proposal?
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There are a number of key proposals that will affect the partnerships priorities and way of working in the future;

2.1.1 *The Decentralisation and Localism Bill* which will "devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions".

2.1.2 *The Police Reform and Social Responsibility Bill* which will "make the police service more accountable to local people and to tackle alcohol-related violence and antisocial behaviour."

2.1.3 *The NHS White Paper - Equity and Excellence: Liberating the NHS* (including Commissioning for patients, Local democratic legitimacy in health and Transparency in outcomes - a framework for the NHS) which describes proposals to give NHS commissioning to GP consortia, abolish Primary Care Trusts and Strategic Health Authorities, promote greater competition in the NHS, give new responsibilities to local authorities for public health and to support health/social care integration."

2.1.4 The future funding of social care is to be examined by an independent commission on long term care. The Commission will report within a year. It will consider a range of ideas, including both a voluntary insurance scheme to protect the assets of those who go into residential care, and a partnership scheme as proposed by Sir Derek Wanless. The current system is unsustainable so the Commission on Long Term Care will be tasked with delivering a sustainable settlement, which is a fair partnership between the state and the individual.

2.1.5 The government also announced that it will not now start the provisions in the Personal Care at Home Act 2010, relating to free care at home. The Act was passed shortly before the election.

2.1.6 *Comprehensive Spending Review 2010*

The budget year 2010/11 is the last of the three years under the direction of the Comprehensive Spending Review (CSR) 2007, which was issued in October 2007 and set totals for national and local government expenditure together with Treasury-led policy directions. The new government is intending to publish the new Comprehensive Spending Review, which will cover the rest of the parliamentary period 2011/12 to 2014/15, on 22nd October 2010 as confirmed in the Emergency Budget. The Chancellor has stated that the Spending Review will challenge departments, local government and others to

consider fundamental changes to the way they provide public services. The Spending Review will also cover the large cross cutting areas of government spending. The government will set out their plans to reform the welfare system and to restrain the cost of public sector pay and pensions as indicated in the Budget.

It is this announcement that will provide the Partnership with clear details to enable further discussions at the January 2011 Board meeting.

2.2 Local context

Over the next 3 years there will be significant challenges to the funding of the public sector in Haringey. There will be a need to fundamentally re-evaluate all aspects of the way in which the statutory and third sector organisations work. This has already started with the review of the Area Based Grant.

The challenge of significant budget reductions needs to be addressed while also ensuring the partnerships priorities are delivered and the aspirations and ambitions of the residents are fulfilled. The Board's vision that all people in Haringey have the best possible chance of an enjoyable, long and healthy life entails commissioning and delivering cost effective services that are responsive to people's needs and achieving value for money while at the same time addressing the health inequalities existing in Haringey.

2.2.1 The main budget measures affecting local authorities are indicated below:-

- The Government will work in partnership with local authorities in England to freeze council tax in 2011-12. The Government will clarify in due course the terms under which local authorities that commit to freeze or reduce their council tax will be compensated.
- A two-year pay freeze to be implemented for public sector workers earning more than £21,000, but 1.7 million of those earning less than £21,000 will get a flat pay-rise worth £250 in both years. This will produce a saving in the Councils medium term financial plan of £1.7m.
- Average real terms public expenditure budget cuts of 25% over four years to Departmental Expenditure Limits (DELs) by 2014-15 - except for health and international aid. The estimated impact of which is a reduction of £15.5m (based on RPI) over 3 years assuming an average reduction.
- Housing benefit will be limited to a maximum of £280 per week for a flat and £400 per week for a four-bedroom house under radical reforms to save £1.8bn a year by the end of the Parliament.

2.2.2 The main budget challenges affecting NHS Haringey are:-

- National problem of managing the consequences of the economic downturn
- Reduced additional funding (2008/9 additional growth 5.5%, 2009/10 additional growth 5.2% and 2010/11 additional growth 5.14%)
- Significant non-recurrent funding in 2009/10 leading to pressures in 2010/11
- Growth in 2011/12 expected to be 2.9%
- Underlying increase in expenditure pressures (increasing activity particularly within the acute hospitals leading to a year on year cost pressure)

- 2010/11 savings: restructuring and re focussing NHS Haringey (NHS Haringey is implementing an extensive programme of cost efficiencies to address significant financial challenges in 2010/11 and facing increasingly difficult choices in this financial year and beyond)

2.2.3 The current system of resource allocation to statutory organisations is complex and, in the Council's and PCTs view, understates Haringey's relative needs. The estimates of population, which underpin resource allocation, appear flawed, particularly in respect of under-enumeration and the short-term migration impact for Haringey.

There continues to be extensive further government work on population statistics. On 27th May 2010, the Office for National Statistics (ONS) published the latest national population projections which are likely to be used as datasets for part of the methodology for resource allocation this autumn. Separately ONS is taking forward a work programme to improve the accuracy and reliability of its data. Haringey council has started work on preparing for the next census in 2011 in conjunction with the ONS and partners. The council and its partners will be working to ensure we maximise the return rate in the borough.

2.2.4 Preparing for budget constraints from 2011/12

The Council, Police and Primary Care Trust are preparing for the further inevitable public expenditure reductions from 2011/12 so that they will be able to continue to provide quality services and consider carefully how they can deliver services differently and more cost effectively.

The Government announcements mean there are significant budget shortfalls, highlighted for 2011/12 and 2012/13 plus 2013/14 will now need to be included. These savings will be subject to review when the results of the 2010 spending review is completed by central government in the autumn.

A prime requirement of the budget process will be the systematic identification of improved value for money, both in terms of improved outcomes from given resources and the delivery of efficiency savings.

3. The challenges

The challenge is to ensure our future priorities and work programme can fit within the reduced finances and that our reduced planned activities do not lead to an adverse outcome where health inequalities in Haringey increase. Stuckler and Basu *et al*ⁱ caution that in situations such as these 'the services that are cut are often those which lack a strong advocacy base rather than those lacking a strong evidence-base for improving health'.

3.1 The need now is for greater collaboration and joining-up across local organisations at all levels. One example is Total Place Pilots, which appears to generate significant savings by looking at the needs (health and other) of an entire place or community rather than focusing on the separate

ⁱ Stuckler D, Basu S, McKee M *et al*. Responding to the economic crisis: a primer for public health professionals. *J Public Health* 2010;**32(3)**:298-306

organisational silos in those places. Seeking to reduce costs through ending duplication and waste also creates potential for freeing up funds without sacrificing essential services or quality.

Question: How can we maximise the impact and outcomes between theme Boards?

3.2 There are a number of work streams that have been working through the summer (and are continuing) to enable the partnership to agree a realistic and achievable work programme in the new reduced financial climate;

- A consultation exercise has just finished on the *review of the Well-being Strategic Framework* (July – September 2010). The consultation document proposed the partnership to focus on the following outcomes;
 - i) Reduced health inequalities
 - ii) Adults safeguarded from abuse wherever possible and dealt with appropriately and effectively if it does occur
 - iii) Choice and control offered through the personalisation of services
 - iv) Care closer to home

The responses are currently being analysed and will be presented at the January meeting with a Health and Well-Being Plan for the next three years. This gives the partnership the opportunity to align the refreshed Haringey Well-Being Strategic Framework with the reduced budget.

- **Voluntary Sector Review**
Haringey Council values the contribution and role of the third sector in terms of service delivery and currently spends c£18 million through a combination of grants and commissioned projects.

In the current financial climate the Council has to review all funding with the objective of maximising the outcomes that can be achieved for our communities.

The Community and Voluntary sector is diverse and provides a wide range of services. The Council wants to ensure that funding provided to the sector is appropriately targeted given the new financial position and that we are maximising outcomes which promote sustainable communities, self reliant individuals, early intervention and prevention , and , other outcomes that will enable the Council's resources to achieve 'more for less'. The Council is also concerned to ensure that we are making the full use of the voluntary and community sector in Haringey in ensuring that we support our communities.

The aim of this review (led by Cllr Dogus) is to ensure Haringey's spend is aligned to the core council and NHS Haringey strategic priorities and Haringey Strategic Partnership (HSP) priorities and that the projects offer value for money and there is also a need to minimise possible duplication in projects and in funding streams.

Voluntary sector review scope:

- i) Complete a detailed exercise across all council and NHS Haringey to map

all funded (grant and commissioned) projects building on mapping work already completed by both the council and NHS Haringey (August 2010);
ii) Clarify alignment to Council and HSP priorities (August 2010);
iii) Building on existing strategies and strategic commissioning plans develop a voluntary sector strategy and voluntary commissioning framework moving from a grant to a commissioning- based approach and agree the voluntary sector strategy, this will include community buildings (October 2010); and
iv) Make recommendations to the Council regarding the future allocation of resources to and support for the VCS and agree future funding arrangements.

- The *Sustainable Community Strategy Refresh* is underway and was discussed at the September meeting of the multi agency Joint Leadership Team. Members agreed the following three priorities;

- i) Develop locality based commissioning
- ii) Joint projects in priority areas with measurable outcomes; eg; Dementia Strategy
- iii) Early intervention/prevention

- In order to strengthen future action on *tackling health inequalities*, and to address the wider social determinants of health (which the National Support Team visit did not address) the PCT is proposing six high level themes for consideration. These are consistent with the evidence based approach set out in the Marmot Review and the Mayors Health Inequalities Strategy. They build upon and are consistent with the existing context, strategies and policies and within the reviewed Well-Being Strategic Framework. The proposed key themes are;

- i) Empowering Haringey's people and communities
- ii) Enabling the best start in life
- iii) Primary and social care equity
- iv) Health, work and well-being
- v) Maintaining healthy and sustainable places
- vi) Preventing ill-health and supporting lifestyle changes

- There has been a thorough and wide ranging review of the Area Based Grant funding. The Corporate Voluntary Sector Team (CVST) has now become part of ACCS under Assistant Director, Lisa Redfern and the ABG for Wellbeing is linked to the grant management system that the CVST oversees. This will provide for greater clarity between the council and the services funded via ABG, and will support the development of the Voluntary Sector Strategy comprehensively.

4. Conclusion

The effective collaborative work programme of the partnership is under threat by the worst financial position the public sector has faced for a long time. The Well Being Strategic Partnership Board needs to enter into a debate and develop a clear understanding and consensus of its priorities. The work streams described in section 3 demonstrate that the thinking and discussions have already started across the partners. These discussions need to carry on following the Comprehensive Spending Review announcement and the publication of the Public Health White Paper (due in December 2010) until

January 2011. The Board will then be in an informed position to agree a work programme for the next three years.

5. Recommendation

All members of the Board need to engage in this developing agenda and continue to work towards a consensus on the priorities for the future.