



#coopscrutiny

Democratic Support

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Published 23 December 2015

CO-OPERATIVE SCRUTINY BOARD SUPPLEMENT PACK

10.00am - Wednesday 6 January 2016
9.00am - Monday 11 January 2016
9.00am - Wednesday 13 January 2016

Council House, Plymouth

Members:

Councillor James, Chair.

Councillor Mrs Aspinall, Vice Chair.

Councillors Mrs Beer, Bowie, Mrs Bowyer, Sam Davey, Jordan, Murphy, Ricketts, Storer and Kate Taylor.

Please find attached additional information relating to agenda items 4d and 5d for your consideration.

Tracey Lee
Chief Executive

CO-OPERATIVE SCRUTINY BOARD

AGENDA

PART I – PUBLIC MEETING

4. SCRUTINY OF THE INDICATIVE 2016/17 REVENUE BUDGET PLUS TWO YEAR INDICATIVE FINANCIAL FORECAST AND 2016/17 TO 2019/20 CAPITAL PROGRAMME

Members will scrutinise the indicative 2016/17 revenue budget plus two year indicative financial forecast and 2016/17 to 2019/20 capital programme.

4d. Office of the Director of Public Health (Pages 1 - 16)

5. APPENDICES:

5d. Partner Submissions (Pages 17 - 22)

Budget Scrutiny

Office of the Director of Public Health

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I. Background to the Directorate

The Office of the Director of Public Health (ODPH) was established as a separate Directorate in April 2014 when Professor Kelechi Nnoaham came into post as Director of Public Health. Prior to this (and since Public Health's transition to the City Council in April 2013) the ODPH had been made up of the current Public Health Team only and had been a discrete service area within the People Directorate.

I.1 Staff count

Table 1 – Full time equivalent staff count within the ODPH

Department	2015 Number of FTEs	2016 Number of FTEs
Civil Protection	4	4
Public Health	21.5	21.6
Public Protection	81.5	63.4
	107	89

Established posts within ODPH will reduce by 17% following the ODPH review.

I.2 Staff sickness (working days lost)

Table 2 – Levels of staff sickness by Directorate with the Council

Directorate	Total Number of Days		Average FTE		Percentage		Direction of Travel
	Rolling Year	FYTD	Rolling Year	FYTD	Rolling Year	FYTD	
Executive Office	456.95	332.95	6.45	4.70	2.47	2.70	↑
Transformation & Change	4,600.57	2,706.03	6.77	3.98	2.60	2.29	↓
People	7,321.57	4,499.65	7.75	4.76	2.97	2.74	↓
Place	4,691.42	2,811.67	7.72	4.63	2.96	2.66	↓
Office of the Director of Public Health	446.60	342.90	5.16	3.96	1.98	2.28	↑
Council Wide Total	17,517.11	10,693.20	7.33	4.48	2.81	2.57	↓

As at November 2015, the ODPH has the lowest average number of working days lost across the Council directorates. This ranges from a rolling year average of 0.83% (of working days lost) in Environmental Health (Environmental Protection) to 4.62% (of working days lost) in the Bereavement Service.

2. Overview of service functions

2.1 Public Health

Public Health is described as “the science and art of promoting and protecting health and well-being, preventing ill-health and prolonging life through the organised efforts of society.” Public Health takes a population approach to health, focusing on health, not disease, and prevention and promotion, rather than diagnosis and treatment.

There are three domains to public health work – health improvement, health protection and healthcare public health. All three domains need to be addressed actively by the public health system if the public’s health and wellbeing are to be protected and improved.

Health Improvement

The objectives for health improvement are to help people to make healthy choices and live healthy lifestyles and to reduce health inequalities. Whilst working to improve the health of all people, there is a focus to improve the health of the poorest fastest. Improvement of health is not all about individual behaviour though and improvements against the wider determinants of health and wellbeing (such as the environment, housing, employment and education) are also very important elements of this work.

Health Protection

The objective for health protection is to ensure that the population’s health is protected from major incidents and other threats. This objective is delivered by ensuring local systems and organisations are prepared to act appropriately in emergencies, and by protecting people from infectious diseases and environmental hazards through surveillance and control.

Healthcare Public Health

The objective for healthcare public health is to reduce the numbers of people living with preventable ill health and dying prematurely. This objective is delivered by influencing health service planning based on equity, evidence-based interventions, clinical effectiveness, efficiency and through rigorous audit and evaluation.

Priority work areas

The Health and Social Care Act 2012 gave local authorities the duty to take such steps as it considers appropriate for improving the health of the people in its area. Local authorities were also mandated to provide, or make arrangements to secure the provision of the following;

- A public health advice service to support Clinical Commissioning Groups with their duties to commission health services.

- Appropriate plans and steps to protect the health of the local population from threats including infectious diseases, environmental hazards and extreme weather events.
- Appropriate access to sexual health services (most contraceptive services, STI testing and treatment, chlamydia screening, HIV testing, young people's sexual health, sexual health promotion).
- The National Child Measurement Programme.
- The NHS Health Check Assessment Programme.

A priority for Plymouth's Public Health Team is the provision of strategic leadership for Thrive Plymouth, the city's 10 year plan to tackle health inequalities. Following the first year focus on doing this through workplaces, the coming year sees an additional focus on schools as a setting and on improving the health of our children and young people.

The public health team has also been an integral part of the wide ranging work on integrated commissioning and in the production of the four integrated commissioning strategies. This reflects the fact that the public health commissioning budget is part of the integrated fund established by the Council and NEW Devon CCG. Moving forward, the team will play a full part in the system design groups seeking to deliver the ambitions within the commissioning strategies.

In the last year, the public health service has also taken on the responsibility for the commissioning of health visitor services for children aged 0-5 years and their parents from NHS England.

2.2 Public Protection

The Public Protection Service is a regulatory focused service which protects and promotes public safety, consumer protection and the wider determinants of public health. The work of the service is based on intelligence led targeting of resources and ensures maximum outcomes and value for money through:

- Collaborative working with stakeholders and other agencies
- Effective use of technology
- Effective communications
- Resource-based prioritisation of work
- Training to enable multi-disciplinary team working
- Increased reinvestment of income through commercialisation opportunities

The Public Protection Service works in support of the Plymouth Plan's individual policy aspirations through, for example, controls on fast food locations, betting offices, fixed odds betting terminals, air quality, etc. The Team is working with colleagues in Strategic Planning to develop details within the Plymouth Plan (Part 2) and the guidance issued to support, for example, night time economy management, nuisance, etc. The Team is particularly effective in working in partnership with Trade and Community

representatives to deliver services. The Public Protection Service is made up of the following teams:

- Environmental Health (Environmental Protection)
- Environmental Health (Health, Safety and Commercial)
- Licensing, Technical and Transformation
- Trading Standards
- Bereavement Service

Note: The bereavement service is currently managed and structured within the wider Public Protection Service. However in the post service review ODPH structures that will become operational on 1st April 2016, it will be a distinct service area, separate from the other Public Protection services.

Environmental Health (Environmental Protection)

This service deals with a wide range of pollution issues, both commercial and domestic, that relate to land, air and water, including :

- contaminated land
- radon and radiation
- rubbish and refuse
- nuisance
- air pollution
- authorised processes
- noise
- drainage and sewage

The service works proactively with businesses and individuals to provide advice and assistance on these matters but also investigates complaints and enforces legislation to protect our environment and health.

Environmental Health (Health, Safety and Commercial)

This service is responsible for carrying out regular checks on all food premises to ensure the public is protected and that high standards are maintained. They also undertake routine inspections of premises such as warehousing, offices, shops, care homes and hotel accommodation to ensure compliance with health and safety legislation. The service responds to complaints and investigates accidents and statutory notifications. The service provides guidance on how the law relates to businesses and offers a full training and advisory service. In addition the service is responsible for delivery of port health functions and for the monitoring and control of the quality of drinking and bathing waters.

Licensing, Technical and Transformation

This service is responsible for the licensing of establishments, businesses and individuals for following:

- Alcohol and entertainment (premises and personal licenses, late night refreshments, temporary events),
- Animals (zoos, boarding and breeding establishments, pet shops, dangerous wild animals)
- Beauty and body art (body piercing, tattooing, acupuncture, hairdressing)
- Caravan sites
- Gambling establishments (betting shops, casinos, bingo halls, amusement arcades)
- Fireworks and explosives
- Petroleum storage
- Sex establishments
- Taxis

Trading Standards

The service aims to protect and promote the safety and the economic and environmental interests of Plymouth consumers and businesses. It aims to ensure that Plymouth's prosperity is not jeopardised by unfair or illegal trading. The Service enforces laws concerned with the quality, quantity, marketing, description and safety of a whole range of goods and services. Particular consideration is given to the protection of customers who may be vulnerable. The service works both proactively, through inspections and sampling projects, and reactively investigating complaints. Some of the main work areas are:

- Consumer Advice
- Business Advice
- Illegal tobacco
- Underage sales
- Scams investigation

Bereavement Service

The core service delivered is cremation and burials. This service needs to meet the needs of the growing population of Plymouth and the sub-region that it serves and going forward will be looking for capital investment and increased partnerships with the industry and third sector to create a sustainable future and secure the income stream for the council. It has an economic role for the city (in terms of employment and income) and an environmental role (with 65 acres of green space). In addition to green space management, potential investment in modern crematoria equipment could reduce the city's carbon emissions by around 400,000 kilograms of CO₂e. The Efford and Weston Mill sites have over 100 years of history dating back to 1907 and 1904 respectively and as such form an integral part of the city's heritage.

2.3 Civil Protection

The main purpose of the Civil Protection team is to make sure that Plymouth City Council is as resilient as possible in the unlikely event of an emergency so that it can continue to deliver its services to our Community. It also needs to play its part in

supporting Partners in response to an emergency and be able to take a leading role in the City's recovery. Plymouth City Council is a Category I Responder as defined within the Civil Contingencies Act 2004, and as such works closely in Partnership with all of its Statutory Partners within Plymouth and the Devon, Cornwall and Isles of Scilly Local Resilience Forum.

Plymouth City Council has an experienced Civil Protection Team that leads and promotes Emergency Planning. This is at the heart of the Civil Protection duty placed upon Category I responders. It requires the Team to write and maintain plans (by exercise and review, for preventing emergencies, reducing, controlling or mitigating the effects of emergencies, and taking other action in the event of emergencies). There are many Council staff trained to deal with emergency response and recovery who have the experience of real emergencies and much training and exercising.

The team continues to strive for excellence and Plymouth City Council has been recognised as exhibitors of good practice in case studies published in the National Cabinet Office Emergency Preparedness Guidance.

3. The Public Health Grant

3.1 Historic context

In 2013-14 Public Health in Plymouth was underfunded by £12 per head (£43 per head actual compared to £55 per head target). This underfunding equates to over £3 million. In 2014-15 Public Health in Plymouth was underfunded by £11 per head (£47 per head actual compared to £58 per head target). This underfunding equates to almost £3 million.

In September 2014 the Department of Health and Public Health England set out the core grant allocations for Public Health in Local Authorities for 2015-16. It confirmed that the allocation for all local authorities would remain exactly the same as the allocation for 2014-15, in cash terms. Therefore the allocation for Plymouth in 2015-16 is £12.276 million. The decision to keep the same allocation for 2015-16 as was given in 2014-15, in cash terms, means that Plymouth is once again underfunded (compared to this target allocation) by approximately £3 million. Public Health England and the Department of Health have noted this failure to move towards the target allocation and have restated their long term goal to move all local authorities to their target allocation. However no time scale is given for this and therefore it is unclear for how long Plymouth will remain underfunded.

When compared with our ONS comparators, Plymouth's poor public health grant allocation becomes even more apparent. Of the ten other areas in Plymouth's comparator group, only one receives a lower per head allocation than Plymouth. As already stated, in 2015-16 Plymouth's allocation per head is £47. This compares with, for example, Portsmouth £77, Brighton and Hove £67, Bristol £66 and Southampton

£62. A quick glance at the PHE Health Profiles for some of these areas reveals that their public health outcomes appear to be more favourable than Plymouth's. As long as Plymouth continues to be underfunded, the economic losses to the city will add up year-on-year. This will have a negative impact on attempts to improve the poor health outcomes experienced by the city's residents.

These figures exclude the funding allocated to cover the commissioning responsibilities for 0-5s. Plymouth City Council took on responsibility for these services in October 2015. The additional funding to cover this for the half year (October 2015 to March 2016) is approximately £2.6 million.

In June 2015 the Government announced that it was launching a consultation on removing £200 million from local authority public health budgets within the current financial year. The funding for 0-5 services would be included within this. In November 2015 the cuts from local authority public health budgets of £200 million were confirmed with each local authority receiving a 6.2% cut. This equates to £920,000 for Plymouth in 2015-16 (with the proportionate inclusion of six-month 0-5 services funding) and will disadvantage Plymouth even further. These cuts have been implemented despite cross-party lobbying to protect the Council's public health funding, much of which is used to fund local health services. A strong case against these cuts being applied equally across the country was made.

3.2 The Advisory Committee on Resource Allocation review

On 8 October 2015, the Department for Health published a consultation, 'Public Health Grant: Proposed Target Allocation Formula for 2016-17'. The consultation was published on behalf of the Advisory Committee on Resource Allocation (ACRA), which had reviewed the current public health formula and recommended a number of changes to be implemented from 2016-17. Views were sought on the proposed changes and responses to the consultation had to be submitted by 6 November 2015. The consultation paper concluded that 'the formula continues to strongly favour local authorities with deprived populations. The issue is how much the challenges faced by these populations should be translated into greater allocations'.

Plymouth's Public Health Team responded to the consultation. Of the five questions in the consultation document, the Team was supportive of three, did not support another and supported another with expressed concerns whilst raising concerns.

Plymouth will, in theory, benefit from the new formula if it is implemented fully. However the overall size of the national funding 'pot' and the agreed pace of change (to the target position) will determine whether any additional funding is forthcoming or as anticipated Plymouth's public health funding reduces over time.

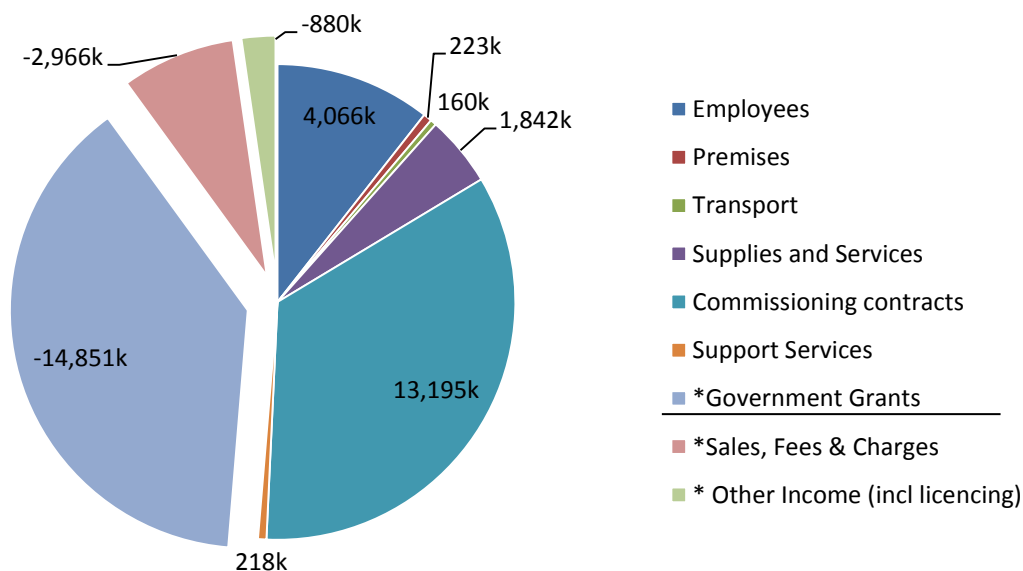
3.3 Implications from the Comprehensive Spending Review

The Comprehensive Spending Review (CSR) took place in November 2015. This review confirmed that Public Health Grants to Local Authorities will be ring-fenced for another two years. After that (from 2018-19 onwards) Local Authorities will no longer receive a separate grant to fund public health services. The expectation is that public health in local areas will be funded by national non-domestic rate recovery (i.e. business rates). The various cuts to the public health grant nationally will equate to a 27% decrease in funding over the lifetime of the parliament.

4. Overview of budget 2015-16

The majority of the ODPH budget is made up of income (including the public health grant) totalling almost £18.7 million (which includes the efficiencies/roll forward of the PH grant from 2014-15) with expenditure of over £19.7 million. This results in an overall revenue budget of £1m (PPS including CPU circa £260k).

Figure 1 – ODPH budget 2015-16 (£'000s)



At month 8 there is no significant variance in the forecast for 2015-16 with a balanced budget forecast.

The in-year claw back of £920k from the public health grant will be met by and large from the efficiencies rolled forward from 2014-15. These efficiencies were made from vacancy savings and activity below the forecasted levels in some open access services such as NHS Health Checks.

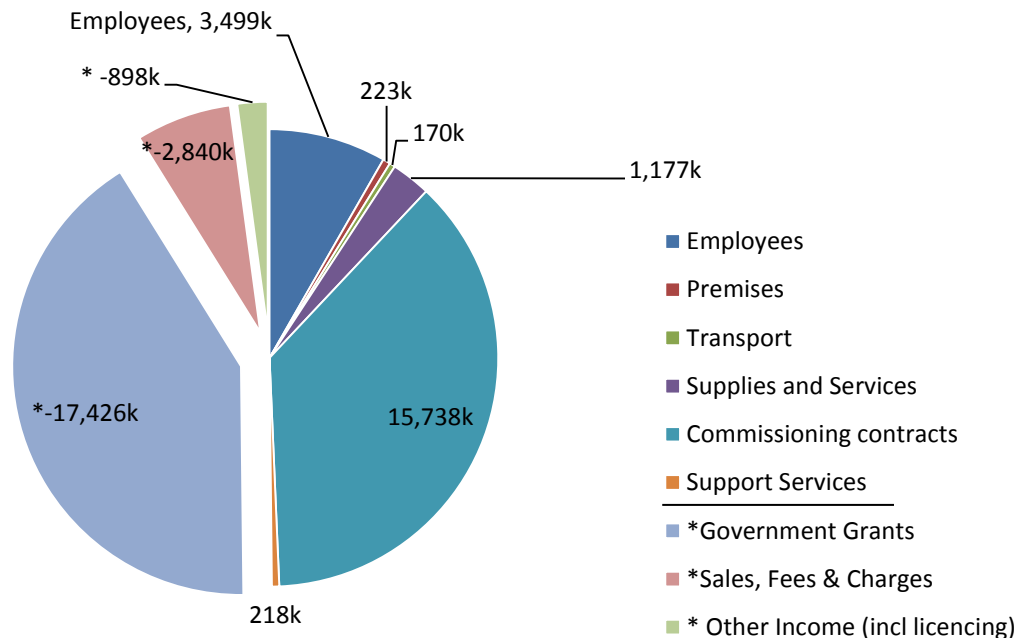
5. Overview of budget 2016-17

At this point in time, the final public health grant allocation for 2016-17 is unknown, however, the 6.2% reduction in the grant that was imposed (in year) in 2015-16 will reduce the 2016-17 baseline allocation and a further percentage reduction is also anticipated. Our modelling suggests this may result in a reduction of approximately £1.2 million.

The majority of the public health budget is within the integrated commissioning fund and therefore the Public Health Team is planning for this reduction in conjunction with colleagues from the Co-operative Commissioning Team and NEW Devon CCG. An evidence-based approach will be taken when deciding which services will continue at current or reduced funding and which may stop. Full consideration will need to be given to the impact of any changes to commissioned public health services on the whole health and social care system to ensure savings in one area do not create pressures in another.

The overall ODPH budget set for 2016/17 (as published in the Medium Term Financial Strategy) was based the 2015/16 public health grant allocation without the recently announced in year reduction as follows:

Figure 2 – ODPH budget 2016-17 (£'000s)



The increase in the public health grant is due to the transfer of commissioning responsibilities for the children's 0-5 commissioning (namely Health Visiting) from NHS England to Public Health from October 2015.

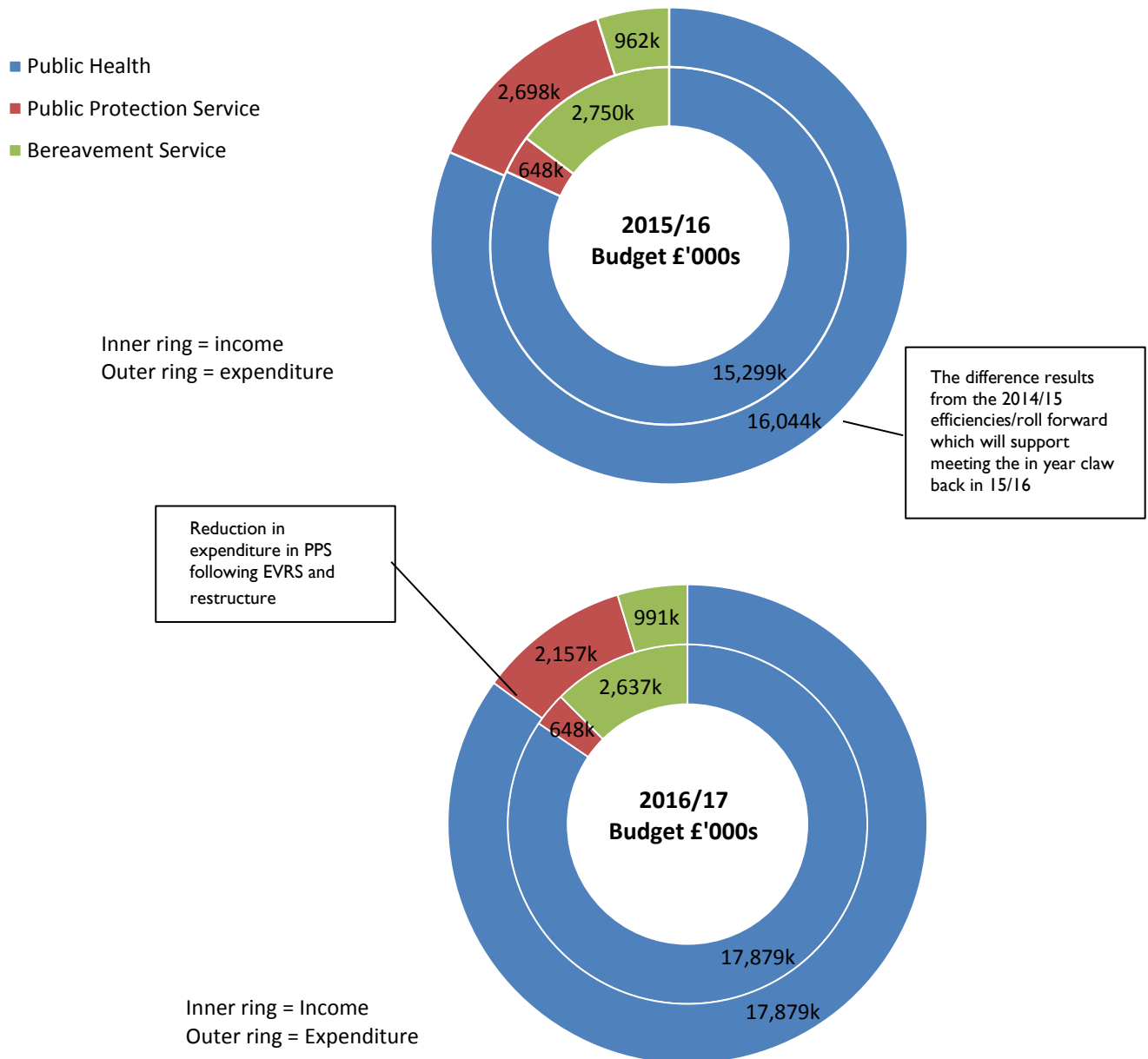
6. Breakdown of income/expenditure

The ODPH budget is largely made up forecasted income and grant funding

2015/16 income of approximately £18.7 million with expenditure of £19.7 million
 2016/17 income of approximately £21.1 million with expenditure of £21 million

Management actions, including the ODPH restructure have led to a reduction of the budgeted expenditure, resulting in budgeted income exceeding expenditure for 2016-17. Income and expenditure is broken down between the three functional areas of the directorate as shown in figure 3. Civil Protection income/expenditure is included within the Public Protection Service information in this illustration.

Figure 3 – Income and expenditure by functional area



7. ODPH service review

The ODPH has just undergone a service review. The review was necessary to achieve financial savings, improve operational efficiency and achieve service integration. The highlights of the proposals included:

- Establishing consultant-led multi-disciplinary teams.
- Enhancing the focus on outcomes and intelligence.
- Enabling commercialisation and income recovery.
- Enabling a focus on community development, engagement and co-production.
- Achieving the streamlining of budgetary accountability.

The consultation ran from 4th November to 27th November 2015. The single service that is being developed as a result of the review will become operational from 1st April 2016.

As a result of the service review £400K revenue savings were achieved and the gap in the budget has been closed. Budgeted income now exceeds budgeted expenditure.

8. Capital projects

The city and sub region's populations continue to grow and therefore needs fit for purpose crematorium and burial services for residents of all faiths and those of none. Future capital investment will be required to sustain existing site provision or provide new alternative modern facilities fit for the future. This is estimated at between £1.8-£2 million to provide new cremators at both sites that are compliant with current environmental standards or circa £3.5-£4 million to provide a modern site that is both compliant with environmental standards and the Disability Discrimination Act.

In December 2015 an initial assessment was successfully approved through the Transformation Gateway to begin a feasibility study into the scope for transformation of the service to increase efficiency, provide an improved offer to customers and reduce operating costs as well as a review of the current provision and capacity across the four existing sites and their ability to meet future population needs.

9. Staff survey results 2015

Staff Survey 2015 - Office of the Director of Public Health		COUNCIL	ODPH	Civil Protection / Public Health	Public Protection Services
70	High Scores				
50	Low Scores				
Response Rate		60%	72%	83%	55%
Overall Engagement Score		64%	54%	60%	50%
My Job		70	61	65	57
2. Working in this job makes me want to do the best work I can.		82	71	75	64
13. I feel valued for the work I do.		59	41	55	31
24. My job makes good use of my skills and abilities.		69	70	65	76
My Career		46	38	41	33
12. My appraisal helped me to understand what my strengths and development areas are.		62	67	70	62
22. I have career opportunities in the Council.		35	11	20	5
25. I believe there are enough opportunities for training and development.		41	33	40	24
27. There are enough opportunities for me to improve my skills in my current job.		48	42	35	43
My Employer, the Council		55	44	49	39
17. I regard this Council as a good employer.		61	32	37	26
26. I feel my pay is fair.		51	52	50	52
31. I am satisfied with my total benefits package.		50	54	55	51
32. I have the right balance between my work and my home life.		61	36	45	29
19. I am happy with my working environment.		60	47	45	48
6. I have an opportunity to contribute my views before changes are made which affect my job.		42	40	55	29
33. I would like to be working for the Council in 12 months' time.		77	71	80	62
15. The Council motivates me to contribute more than is normally required.		40	18	25	12
My Team		63	46	44	46
9. Morale is high in my team.		33	7	20	2
14. My team acts on feedback from customers about the service they receive.		69	56	40	64
36. I feel a strong sense of belonging in my team.		69	42	30	45
38. My team works with other departments and partners to deliver better services.		82	79	85	74
My Line Manager		70	71	77	69
3. My line manager encourages me to put forward ideas.		74	82	85	80
7. I receive compliments and recognition for doing my work well.		71	77	90	71
20. My line manager gives me useful feedback on how I do my job.		67	60	65	57
23. I trust my line manager.		71	71	75	69
30. My line manager treats everyone in the Team fairly.		71	71	75	74
34. My line manager leads by example.		67	70	80	74
40. My line manager supports my development.		72	64	70	60
Senior Managers (Directors and Assistant Directors)		35	23	33	15
5. Our senior managers (Directors and Assistant Directors) are open and honest.		37	29	40	19
11. Our senior managers (Directors and Assistant Directors) lead by example.		34	18	25	12
The Co-operative Council		79	66	73	60
1. I am aware of the Council's values.		91	74	90	64
10. I support the Council's values.		84	71	79	67
29. The Council makes a positive difference to the people of the city.		70	56	55	52
37. I support the Council to achieve its goals.		87	83	85	80
39. I speak highly of the Council to other people.		64	45	55	38
Equality and Diversity		75	65	63	65
18. I feel able to report bullying, harassment or discrimination.		75	64	60	64
35. I am treated with fairness, respect and without discrimination.		76	66	65	67
Health and Safety		67	66	57	71
4. I understand my health and safety responsibilities.		94	96	95	95
8. I receive regular health and safety briefings.		36	42	35	50
16. My manager takes health, safety and wellbeing seriously.		75	63	40	76
21. I feel that I have a part to play when it comes to health and safety within my team.		73	74	70	79
28. I am given training and information about the hazards of my job and how to work safely.		60	55	45	57

There are a large number of low scores (highlighted in red) in the table above. Although this is disappointing, it is not altogether unexpected given the Directorate was going through the service review when the survey was carried out.

In order to address this, the staff survey results are being used to inform the directorate-wide leadership and management development programme that is currently being developed. The ODPH DMT is working closely with the Council's Human Resource and Organisational Development leads to develop this programme. The final version of the programme will be discussed at the ODPH DMT meeting on 11th January 2016.

10. Contribution to the Corporate Plan

Public Health's outcome in the Corporate Plan is 'we will prioritise prevention'. This is supported by an indicator that focuses on improving life expectancy. The three key actions supporting this outcome are:

- K21: Lead on the city's strategy for health and wellbeing
- K46: Develop a clear research and evidence base to understand health inequalities across the city
- K47: Deliver plans that reduce individual risk factors and strengthen the role and impact of early intervention and prevention.

The Team's work is prioritised against a main goal of reducing health inequalities (and increasing life expectancy). The programmes of supporting work are generally consultant-led with the majority of work concerning the milestones (as opposed to commissioning activities) centred around officer time as the key resource. The majority of programmes involve working with partners, both internal to PCC, and external across the city and wider. There is often the need to persuade partners to commit resource (e.g. Thrive Plymouth, Falls prevention Pilot, etc).

With regard to the milestones in quarter 1 and quarter 2 of 2015-16, all were completed as follows:

- K21: Centred on raising awareness of Thrive Plymouth with businesses, and putting plans in place for evaluation; Developing Thrive Plymouth Year 2 (schools); and publishing the DPH Annual Report.
- K46: Completion of Pharmacy and of Sexual Health Needs Assessments, development of profiles at ward, neighbourhood and school level, agree Framework of Collaboration (for data sharing) with Plymouth University.

K47: Convene a multi-agency Physical Activity Strategy Group, finalise Suicide Prevention Action Plan for Plymouth and undertake Veterans Health Needs Assessment.

The quarter 3 (Oct-Dec) milestones were agreed as follows:

K21: Delivery of Thrive Plymouth Year 2 Launch event. Engage with City Youth Council to receive feedback on Launch Event and also to engage in joint planning for the 'conversations with children and young people' phase of Thrive Plymouth Year 2. Develop new Thrive Plymouth Micro-website.

K46: Review of the interactive JSNA tools completed and a Plymouth-specific solution recommended. Surveys: data collection started for (i) the 2015-16 survey of Health Visitor caseloads and (ii) the city-wide health-related behaviour survey in Primary schools. Draft report of the 2014 health-related behaviour survey in secondary schools in progress as part of the JSNA. Analysis of the new Index of Multiple Deprivation 2015 (IMD2015) completed, values produced for Plymouth's neighbourhoods and summary report produced. Mosaic profiles of GP practice catchments produced and circulated along with IMD2015 scores and patient distribution information.

K47: Develop and initiate a Falls Prevention pilot, working with the Fire Service. Working with Public Health England and NHS England we will support the Flu vaccination campaign. Develop a revised physical activity multi-agency action plan.

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18 December 2015

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Dear Mr Jago

Budget Scrutiny – from City College Plymouth

Thank you for the invitation to submit written comments to the Co-operative Scrutiny Board session on the City Council's budget priorities.

The College's Governing body recently approved the College's strategic plan for the academic years 2015-2020. As an introduction for the Scrutiny Panel I thought that it might be helpful to summarise at the outset our key strategic aims (the full document can be found at <http://www.cityplym.ac.uk/node/44381>).

The College plays a central role in the educational, cultural and economic life of Plymouth. To achieve this we will work closely with other education providers and our strategic partners to ensure that there is a wide range of learning opportunities within the City that are available to a wide constituency. The College will continue to be a place characterised by opportunity and enterprise. We will be responsive to the changing economic and funding climate, to local needs and to new policy initiatives. Delivering a high quality student experience will remain the highest priority for us. The full strategic plan sets out how we will deliver this but our principal aims can be summarised thus:

- The College will deliver programmes which enable our students to meet and exceed their aspirations, ensuring that each individual achieves to the best of their ability. By 2020, we will be an exceptional and responsive College of further education that is at the heart of its local community, delivering a range of vocational, technical and professional provision from entry level to university-level education.
- We will provide a ladder of opportunity for all students, enabling them to progress onto higher education and into local and sub-regional employment opportunities. To achieve this we will provide a high quality, motivating and attractive curriculum with a particular focus on STEM.
- We deliver opportunities for individuals, employees and employers to upskill and re-skill for the future and this means that we make a significant contribution to the economic prosperity of Plymouth and the surrounding area. We will place equal value on the development of skills, aptitudes and behaviours which will enable all students and staff to demonstrate enterprise, innovation, entrepreneurship, creativity and wealth creation.

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- We will strengthen and increase our employer engagement activities to support the College in building and sustaining positive, productive and mutual relationships with key stakeholders across the City and the wider region.
- We will support our staff to be professional and proactive in their pursuit of the necessary knowledge and skills they need to demonstrate both their commitment to embodying our values and responding positively and innovatively to the challenges we face. We will ensure that an already talented College staff will have the skills and confidence to respond quickly and effectively to future challenges.
- We will ensure the financial health and sustainability of the College, enabling investment in the mission through effective resource utilisation. We will invest our funds to provide inspirational training and education opportunities for our local communities and to support local employers. We will invest through the disposal of assets, generate cash from our operations, borrow prudently and secure external grant funding.
- Recognising the need for efficiency gains, the College will ensure efficient and effective use of resources, operating as highly effective and efficient organisation. This means rigorously focusing on outcomes and identifying quickly where resources could be better utilised or performance enhanced.

We are seeking to achieve these aims against an extremely challenging funding environment. Nationally, the further education college sector delivers well over half of the education and training of all young people aged 16 to 18, and over half of all construction, engineering and manufacturing apprenticeships. It delivers training to 35 percent of all large employers in the country (compared to 32 percent for universities). In total the sector educates and trains nearly three million people each year, provision geared to improving employability, social cohesion, productivity and economic growth.

Locally, City College Plymouth educates and trains some 14,000 people every year including 1,500 apprentices, 2,500 16-18 year olds, 1,100 university-level students; 200 international students; a significant number of adults on a range of part-time and full-time provision; and 150 high needs students with learning difficulties and disabilities.

We are told repeatedly by successive ministers and senior industry leaders that we are key to delivering the national, regional and local skills agenda and indeed the wider government agenda. However, it is our view that our ability to support this agenda is seriously under threat given the recent and proposed funding changes. The National Audit Office study, and the recent Public Accounts Committee debate into the sector, expressed concern about its financial health, and the Education Secretary has also said the sector is financially "fragile". Professor Alison Wolf, in her most recent research paper, commented that the sector was heading for the precipice in financial terms.

We are now in a situation where the college sector as a whole was in deficit in 2013-14 and likely to be more seriously in deficit in 2014-15 when the accounts are published in the early new year. Increasing numbers of colleges face financial difficulties, with the number of colleges deemed financially inadequate rising exponentially. The FE Commissioner recently suggested that up to 200 colleges (over 55 percent) would be in difficulty by the end of next year. The college sector has not been afforded the protection offered to schools and

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universities over the last six years. This parlous financial state has been caused by the impact of an accumulation of funding changes that have uniquely hit colleges. City College Plymouth has been no exception.

There are probably five main factors:

1. Repeated year on year cuts to adult funding resulting in a very significant fall in the number of adults being able to access high quality employment-related training. Some of these funding cuts have been targeted at basic English courses that traditionally attract students for whom English is not their first language. This seems in direct contradiction with the Government's understandable emphasis on preventing extremism and radicalisation. Colleges are major public assets with high fixed costs. Sudden large cuts in adult funding cannot be immediately mitigated in full, which means college costs cannot therefore be reduced by the full amount of the funding reduction. This has been a major factor in weakening college financial health, because we already operate on tiny financial margins. Local devolution deals offer the opportunity for local decision makers to reverse this trend.

Over the last four years the College's funding for adult provision has fallen by some 50%.

2. Significant reduction of the rate of funding (17.5 percent) for students in colleges aged 18 (to £3,300) when universities draw down £9000 for students of a similar age. While this reduction applies also to schools, the college sector is more deeply affected because we traditionally have many students who come to us with poor GCSE results and take longer to progress to advanced level qualifications. In addition these students are taught alongside 16 and 17 year olds, so colleges cannot reduce costs to compensate for the funding reduction. The reduction simply flows to the college's bottom line.

Over the last four years the College's funding for 16-18 year olds has fallen by some 17%.

3. Late and unexpectedly large reductions in annual funding allocations which make it increasingly difficult to plan ahead with any certainty. Significant funding cuts for the 2015-16 academic year were announced in March 2015 with a further round of cuts announced in July. The cuts applied immediately from August 1st 2015. The uncertainty this creates means that it is difficult for us to invest in our staff, effectively plan the curriculum, and meet the needs of the local economy and communities which we serve. It has become almost impossible to plan ahead and work meaningfully with other agencies and partners who rely on us to deliver their education, training and skills requirements.

Whilst the College remains in the 'satisfactory' financial health category (as measured by the Skills Funding Agency) this has been achieved by significant cost reductions and efficiency gains.

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4. We recognise that it is government policy to increase the number of new Academies, Free Schools and University Technical Colleges, many offering post-16 provision in competition with other schools and colleges – indeed the College has been deeply connected with the UTC and Plymouth’s Studio School. We are concerned however that the post 16 area reviews recently announced by the government do not include such institutions (nor schools with sixth forms for that matter), and we believe this will mean we will be asked to compete in a deeply unfair environment.
5. The major requirement now placed on colleges like ours to address the poor performance of young people in English and maths skills. Large numbers of young people leave secondary school after five or six years without achieving a good GCSE grade (C or better), and colleges are expected to achieve an improvement within a year and without additional funding. We agree that this is a national and local priority and to deliver this within a reducing funding envelope is a major additional financial pressure, not least because we need to adjust our staffing to bring in sufficient specialist teachers. For example, we now have to teach Maths and English to some 1,500 16-18 year olds when they join us from school without having attained a grade C or above in their GCSE.

Notwithstanding the above it should also be noted that the funding rates per student in real terms have not been maintained. Like PCC our costs as an employer in respect of national insurance and pension contributions have increased, and there have been significant year on year workforce reductions as colleges seek to balance their books, all of which bring large one-off restructuring charges.

Whilst the sector is more vulnerable now than at any time since incorporation in 1992 I have provided this detail not to challenge government policy but so that officers and members are aware of the environment in which we are operating. We have demonstrated their ability to deliver on various government agendas over the last two decades and have a proven track record of adaptability, flexibility and resilience. The letter’s purpose is simply to demonstrate that the unique combination of funding decisions and planning cycle changes is not sustainable and that major policy initiatives around maths and English are unsustainable without additional resources.

Given our historically low operating margins and the fixed costs that come from being local public assets, any further funding reductions will jeopardise our ability to deliver our core services.

At a national level, the College has asked for five things:

1. No further reduction in the quantum of adult funding given the needs of the low skilled and vulnerable adults in our community and the importance of integrating such students into our society so that they can make a meaningful economic contribution.
2. Recognition that many young people do not achieve good GCSE grades at 16 years of age and some need longer to reach their potential. We need consistent and equitable funding for all 16-18 year olds who attend the college. Ideally, the funding should be the same as that given to 14-16 year olds. Any changes in funding should be at 19+, not at 18.

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3. More certainty and predictability of funding over a reasonable period of time, ideally three years, to enable planning and investment to occur with certainty and confidence, and provide time for us to adjust our fixed costs.
4. Re-examination of the current thinking relating to post 16 provision and for the recently announced Area Reviews to include all current and proposed post 16 providers and not simply colleges.
5. Recognition that effective delivery of the maths and English agenda requires new and adequate resources, sufficient funding and long-term support to help recruit qualified specialist staff, given that we are now the largest providers of maths and English in our locality.

At a local level the College asks for the following things in support of delivering a better future for Plymouth and its residents.

- In partnership with PCC the College has seen significant growth in its specialist provision for learners with profound and multiple learning difficulties and disabilities. We recognise that there is a significant cost implication for providing high quality education and training for these young people but this is vital in order to support them in the transition to supported employment and independent living.
- PCC has long been an advocate of the apprenticeship programme. It currently hosts 3.5% of its workforce (as a % of FTE) as apprentice learners. With the Government's aspiration to grow apprenticeships to 3m by the end of this parliament we look to PCC to show continued leadership in this arena and grow its apprenticeship numbers further.
- DELT clearly has the capacity to commercialise further and to offer shared IT services to other partners. The College welcomes the ongoing dialogue with DELT.
- The paucity of impartial, independent careers education and information, advice and guidance provided to young people has been commented upon by many employers and indeed, OFSTED. Any structural changes to the Children, Young People, Youth and Families area should not impact upon what is already a challenge for the City.

The College has a vital role in helping to achieve local ambitions with regard to social cohesion, social mobility and economic success. We are a unique and responsive institution that shares those ambitions; we care deeply about our community. I hope this letter clearly explains the College's fears and concerns that we cannot do this as effectively as we would like and hope you will consider our concerns and our proposals to deliver your agenda.

Yours sincerely



Phil Davies
Principal and Chief Executive

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