

Agenda Item:

Joint Public Health Board

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Date of Meeting	24 July 2013
Officer	Director for Corporate Resources, Dorset County Council
Subject of Report	Public Health Financial Arrangements
Executive Summary	The Public Health Grant for 2013/14 is £25.972M for Dorset County Council, the Borough of Poole and Bournemouth Borough Council. Dorset County Council is the host authority for the Public Health Service and this paper sets out the financial principles agreed by all their Chief Financial officers (S151 officers) of each council which were endorsed by the Public Health Transitional Steering Group on 22 March 2013.
Impact Assessment	Equality Impact Assessment: N/A. Use of Evidence: This report has been compiled from the Public Health Grant and meetings of the Transition Board.
	Budget / Risk Assessment: The Public Health function is a new function that has transferred to upper tier local authorities from April 2013. Careful financial management and governance is needed to ensure that the budget allocation is not exceeded.
Recommendation	The Joint Committee is asked to agree the contents of this report and note that the issues relating to Public Health.

Reason for Recommendation	Close monitoring of the budget position is an essential requirement to ensure that money and resources are used efficiently and effectively.
Appendices	Appendix 1 – Public Health Transition Steering Group Paper 22 March 2013. Appendix 2 – Shared Services Agreement
Background Papers	None
Report Originator and Contact	Name: Phil Rook, Group Finance Manager, Dorset County Council Tel: 01305-225131 Email: p.j.rook@dorsetcc.gov.uk

1. Background

- 1.1 The Health and Social Care Act 2012 established new statutory arrangements for Public Health which came into effect on April 2013. This includes the creation of a new body responsible for Public Health at national level – Public Health England. The transfer of significant responsibilities to local councils from the NHS while the NHS National Commissioning Board and Clinical Commissioning Groups will have some continuing responsibilities for public health functions.
- 1.2 The three upper tier councils in Dorset agreed that the most practical, resilient, cost efficient solution for providing Public Health functions would be for a pan Dorset approach which would be hosted by Dorset County Council.
- 1.3 This was agreed by all Councils and a signed shared services agreement has been attached at Appendix 2.

2. Brief Update on Financial Issues

- 2.1 The key headlines will give member an update on the progress since the transfer has taken place from the NHS.
 - All staff were paid at the end of April 2013.
 - All providers have been paid on account (including pharmacies).
 - Substantial work has been done on the contracts that have been novated from the NHS.
 - The gap of £243k identified for 2013/14 has been solved by securing some one off money from NHS Dorset.
 - The first quarter payment of the Public Health Grant has been received and subsequent transfers of funds have been made to the County Council from Bournemouth and Poole in accordance with the legal agreement.
 - Procurement officers (2 full time officers) are working through the volume of contracts to ensure that we understand the contracts we have inherited and to ensure we have robust arrangements in place.
- 2.2 Full budget motoring will be provided to members at the next meeting, as given the timing of the first meeting was not practical due to the complexity of the new service.

Appendix 1

Paper Presented to Public Health Transitional Steering Group 22 March 2013

Public Health Financial Arrangements for Heads of Terms Agreement – 2013/14 – 2015/16 (3 year agreement) recommendations from the S151 Officers.

1. A meeting of Section 151 Officers for Dorset, Poole and Bournemouth was held on 12 March 2013 with a view to reaching agreement on the most practical, cost efficient solution for funding the Public Health functions for 2013-14.
2. Each representative set out the position for their respective authority in order to find some common ground. A proposal was tabled by Poole to form an agenda for discussion.
3. The S151 officers discussed the difficulty of accounting for actual costs in each local authority area and recognised that it could be some time before the pattern of expenditure and commitments arising from existing contracts became clear. On that basis, officers sought to retain the principle of pooling funds in the early years but with some flexibility for the constituent authorities in the current financial climate.
4. Taking the grant allocations as notified and best estimates of expenditure, the revised forecast shows that two local authorities, Dorset and Poole, could be left with a substantial surplus and one, Bournemouth, with a significant deficit. However the future funding for Bournemouth is set to increase by a greater percentage (10% p.a.) than that for the other two authorities (2.8%p.a.), in order to help meet planned public health outcomes.
5. Given the uncertainties over where public health expenditure will fall, particularly in the area previously managed by the Bournemouth and Poole PCT, and the future differential in funding, officers felt that a pooled Joint Service budget over three years would offer some financial certainty and demonstrate a commitment by all parties to achieving the best public health outcomes for the geographical county of Dorset.
6. It was also acknowledged that, in the current financial climate, local authorities are unlikely to be in a position of being able to afford to top-up the specific grant funding for the Public Health service. In fact, it is more likely that authorities will need to retain some flexibility at the margin to deal with local priorities, albeit that the grant is currently ring-fenced.⁽¹⁾
7. In light of these issues it is proposed that the provision in each local authority's budget for 2013-14 for Drug and Alcohol Services (£1.301M in total) be funded from the Public Health grant and that the Pooled Treatment Budget⁽²⁾ which amounts to £5.846M in 2013-14 be retained by each authority to provide some local flexibility over the allocation of these funds. It is also proposed that this top-slice continue for three years or until the partnership gains a better understanding of the costs and incidence of expenditure under existing contracts.
8. On the basis of the current notified levels of grant funding and the provision for Drug and Alcohol services referred to in 7 above, this would leave a sum of £18.825 in 2013-14 for the Joint Service Budget, rising to £20.095M in 2014-15. *(2014-15 would be higher if the Public Health funding formula under the Pace of Change proposals was implemented fully)*

9. As a result of the discussions, agreement was reached on the following key points:

- Whilst the grant is paid to each individual authority, there is merit in creating a pooled Joint Service Budget to be managed by a pan-Dorset Director of Public Health from 1 April 2013.
- In order to provide some local flexibility, it is recommended that the provision in each local authority's budget in 2013-14 for Drug and Alcohol services, totalling £1.301M, be met from the Public Health grant and that the Pooled Treatment Budget, amounting to £5.846M in 2013-14, be excluded from the Joint Service budget and managed locally.
- That the constituent authorities approve the commitment of the remaining grant funding (as set out in the table below) to the Joint Service budget for 2013-14 and 2014-15 and that a similar pooling arrangement should apply to 2015-16, once funding allocations are known.
- That Dorset County Council act as the Accountable Body and prepare a Public Health Joint Service budget for 2013-14 for approval by the Joint Board. *(In subsequent years, budgets to be prepared by end of October for the following year to enable the Joint Board to make recommendations to each constituent authority in November, in order to inform each council's budget strategy.)*
- That Dorset County Council, as Accountable Body, provides regular financial information to enable the Joint Board to monitor spending during the year, as well as year end accounting and reporting of the outturn.
- That any over/ under-spending of the Joint Services budget be shared by the partners pro-rata to population subject to:
 - In the case of an overspend, the presumption being that this will be carried forward to the next financial year with a plan to recover; and
 - In the case an under-spend, inviting the Director to recommend earmarking part of any under-spend to either meet expenditure commitments in the following year or to be held as a specific reserve.
- That each authority pays to the Accountable Body their share of the Joint Services budget each quarter in accordance with the timing of the receipt of Public Health grant funding;
- That the Joint Service Partnership Agreement clarifies how the costs of any staff redundancies or the costs of any novation of contracts are to be met in the event of that Agreement being terminated.

Notes: (1) The grant is currently ring fenced and may only be spent on Public Health functions. Any sums not spent on improving public health outcomes locally may have to be returned to the Department of Health.
(2) The Pooled Treatment Budget relates to Drug and Alcohol expenditure previously incurred by the two PCTs in Dorset, in partnership with the relevant local authority.

10. The table below shows how each local authority will account for the grant in their respective financial statements. The table also shows how the pooled Joint Service budget will be funded for the next two financial years and the % basis on which any over/ under-spends will be distributed.

Paul Kent
Director for Corporate Resources
July 2013

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	2013/14 £000's	2014/15 £000's	Increase £000's		Cash Standstill at end 2014/15 £000's	Pace of Change Funding Closing target 2014/15 £000's
Public Health Allocations						
- Poole	5,892	6,057	165	2.8%	6,057	5,439
- Bournemouth	7,542	8,296	754	10.0%	8,296	11,161
- Dorset	12,538	12,889	351	2.8%	12,889	12,306
	25,972	27,242	1,270	4.9%	27,242	28,906
	Poole	Bmth	Dorset	Total		
Population as per Formula Funding 000's	148.1	183.5	413.8	745.4		
%	19.9%	24.6%	55.5%	100.0%		
Public Health allocation 2013/14	Poole £000's	Bmth £000's	Dorset £000's	Total £000's		
2013/14 Grant Allocation	5,892	7,542	12,538	25,972	27,242	28,906
Less Pooled Treatment Budget and DAAT Team costs	(1,449)	(3,098)	(2,600)	(7,147)	(7,147)	(7,147)
Joint Service Budget	4,443	4,444	9,938	18,825	20,095	21,759
% Increase in Joint Service Budget					6.75%	8.28%
	Total - Dorset	Host	Poole	Bmth		
How to be shown in Financial Statements 2013/14						
Spend via appropriate Headings DCC Pay , Supplies Services etc	19,068					
Pooled Treatment Budget and DAAT Costs	2,600	1,449	3,098			
Third Party Payments to be split on SERCOP headings		4,443	4,444			
	21,668	5,892	7,542			
2013/14 Grant Allocation	(12,538)	(5,892)	(7,542)			
Income Poole	(4,443)					
Income Bournemouth	(4,444)					
Net (Surplus) / Deficit 2013/14**	243	0	0			

** Based on information to date not definitive

Joint Dorset Public Health Service Budget 2013/14

	£
Staffing	1,976,300
DCC Hosting Costs	270,000
Accommodation / Rent - Vespasian House	60,000
Commissioned Services	
Sexual Health	7,454,000
Substance Misuse	4,270,000
National Child Measurement	38,900
Children 5-19 Health Programmes	1,600,600
Smoking and Tobacco	1,330,200
NHS Healthchecks	856,200
Other Public Health Services	186,700
Health Protection / Obesity / Phys Activity	427,300
Obesity	598,300
Total Service Cost	19,068,500

Public Health Grant

Dorset	-9,938,000
Poole	-4,443,100
Bournemouth	-4,444,000
Total Income	-18,825,100

(Surplus) / Deficit **243,400**

Local Authority Provision retained locally against Public Health Grant

	Total	Dorset	Poole	Bournemouth
DAAT	1,301,000	422,000	412,000	467,000
Pooled Treatment Budget	5,845,800	2,178,200	1,036,600	2,631,000
	7,146,800	2,600,200	1,448,600	3,098,000

Total Public Health Grant 2013/14 **25,971,900**