Public Health Dorset

Agenda Item:

Joint Public Health Board

Bournemouth, Poole and Dorset councils working together to improve and protect health

Insert Item No.

Date of Meeting	4 February 2014
Officer	Director for Corporate Resources
Subject of Report	**Proposed use of projected Public Health under-spend 2013/14 and Commissioning Intentions and Budget for 2014/15 and 2015/16**
Executive Summary	The draft revenue estimate for Public Health Dorset in 2014/15 is £19.095M (after allowing for the recommendation that £1M is redistributed to partner councils). The sums to be borne by each partner under cost-sharing arrangements are set out in an appendix 1. The Public Health agreement requires the Joint Board to approve the draft budget for the following year in November, so that each constituent authority has time to include this in each council's budget strategy. This was agreed on the 7 November 2013, however due to the financial pressures facing local authorities it is proposed the £1M of the £1.27M increase is redistributed to partners for local spending on public health activities in accordance with the guidelines relating to the Public Health Grant. There is an update on the position in the current year, which explains movements on various budget headings but does not suggest a change in the overall projected underspend but outlines the risk on cost and volumes in relation to demand led contracts. Public Health Dorset has a revenue budget of close to £19M in 2013/14, as agreed by the Joint Public Health Board. Budget monitoring so far this year has highlighted some significant variances from the budget on some major contract areas.

	Our latest forecast is that Public Health Dorset will underspend overall, in 2013/14 by around £1.17M or 6% of the total budget. However there is still significant uncertainty in regards to cost and volumes on sexual health and health checks contracts which is a risk. There are some variances within individual budget lines, which will be eliminated by budget movements (virements) to ensure the budget is matched more closely to the actual activity and the forecast expenditure. The initial budget was inherited from the NHS so it is inevitable that some realignment of resources between budget lines is necessary now that actual activity becomes clear. It should be noted that it is still very early days and the principle since transfer from the NHS has been to understand the current service delivery model and associated contracts to gain a better understanding of the various services that transferred from Dorset Primary Care Trust and Bournemouth and Poole Primary Care Trust. These services will be reviewed to ensure that the outcomes from the Public Health Outcomes Framework and Public Health Business Plan are met within the available resources in the most equitable, efficient and effective way. It has been announced that the Public Health Grant will be ring-fenced for a third year (2015/16) which ties in with the duration of the initial legal agreement between the three Authorities.
Impact Assessment: *Please refer to the protocol for writing reports.*	Equalities Impact Assessment: An equality impact assessment is carried out each year on the medium term financial strategy.
	Use of Evidence: This report has been compiled from the budget monitoring information provided within the Corporate Performance Monitoring Information (CPMI).
	Budget: The forecast outturn figures currently show a projected underspend for Public Health Dorset at the end of December. If there is an under spend this can be considered for investment bearing in mind performance on mandatory programmes of work in accordance with the legal agreement. There is an option within the public health grant conditions that an underspend may be transferred to an earmarked public health reserve to be used in future years
	Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: MEDIUM Residual Risk LOW

	As all authorities financial performance continues to be monitored against a backdrop of reducing funding and continuing austerity. Failure to manage within the current year's budget not only impacts on reserves and general balances of the three local authorities but also has knock-on effects for the Medium Term Financial Plan and puts future service provision at risk.
	Other Implications: As noted in the report
Recommendation	The Joint Board is asked to consider the information in this report and: (i) approve that £1M of the Public Health Grant increase is returned to Partner Councils as set out in the legal agreement to be spent on Public Health activities; (ii) agree to transfer any underspend to a public health reserve until the year end position is confirmed; (iii) agree that the 2013/14 under spend once confirmed is used for public health developments as set out in the report, section 3.1(a) and as previously agreed by the Board; (iv) agree the proposed direction of travel set out in section 3.3 and the proposed approach to procurement.
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 – Budget 2013/14, 2014/15 and 2015/16 Appendix 2 – Statement of assurance for Public Health Grant 2013/14
Background Papers	CPMI – December 2013 and Public Health Agreement
Report Originator and Contact	Name: Phil Rook, Group Finance Manager Tel: 01305-225131 Email: p.j.rook@dorsetcc.gov.uk

Public Health Dorset

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 and the transfer of significant responsibilities to local councils from the NHS. NHS England and Clinical Commissioning Groups 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 locally would be for a pan-Dorset approach which would be hosted by Dorset County Council.

1.3 This was agreed for three years by all Councils and a shared services agreement was signed (high level budget at Appendix 1).

1.4 It has been announced that the Public Health Grant will be ring-fenced for a third year 2015/16 which ties in with the legal agreement between the three local authorities.

1.5 Public Health Dorset is in its first year since transfer from the NHS in April 2013, and it will be some time, more likely the end of the financial year before the budget is in a steady state and completely understood and early to mid 2014 before the final balance for 2013/14 is clear.

1.6 **Budget Position at 31 December 2013**

	Above Line Budget 2013/14 £'000	**Forecast Outturn 2013/14 £'000**	**Underspend/ (Overspend) 2013/14 £'000**
Team Costs	2,501	2,415	86
Commissioned Services			
Public Health Advice	259	275	(16)
Sexual Health	7,373	6,658	715
Substance Misuse	3,215	3,694	(479)
National Child Measurement	39	39	0
Children 5-19	1,403	1,415	(12)
NHS Healthchecks	1,284	828	456
Adult Obesity	486	280	206
Smoking and Tobacco	2,067	1,884	183
Nutrition and Breastfeeding	198	165	33
TOTAL	**18,825**	**17,653**	**1,172**

1.7 Most of the forecast outturn position relates to commissioned services where the contract has transferred from the NHS to Dorset County Council. These include contracts with over 100 GP practices, over 150 pharmacies, 4 acute hospitals, and Dorset HealthCare as well as a number of programme specific contracts with other public, private and voluntary sector organisations. Some commitments are to other parts of the local authorities where public health was previously an associate commissioner with that authority. Some of these contracts are based on a cost per item payment, and where this is the case forecast outturn is based on projected activity incorporating historic activity patterns and most recent activity figures. Changes in these patterns could impact on forecast outturn but would need to be significant (>30% across the board) to change from underspend to overspend.

1.8 Public Health Dorset, working with the procurement team, are reviewing those contracts that have transferred, both in terms of contractual mechanism and procurement processes for the future, but also in terms of service review. Budgets may need to evolve to reflect this on-going work. Eighty contracts have been re-written and we are in the process of reissuing under new contract terms. The process

for this is described in section three.

1.9 In order to ensure that the new public health responsibilities, now placed upon local authorities, are managed to ensure both the best outcomes for the local population and effective use of available resources. The roles and responsibilities of other service areas across the local authorities must be recognised and included in the identification of future priority areas and the development of a wider strategic planning process at an organisational level. A better understanding of existing budgets and resources across the authorities that contribute to the achievement of public health outcomes supported by a co-ordinated strategic approach will support the most effective use of the public health ring fenced budget and avoid duplication of provision and effort while making the use of existing skills, knowledge and specialism's currently available across the organisations

1.10 It is proposed that once the under spend for 2013/14 is known that this one off amount will be used on public health developments outlined in section 3. Any underspend can be transferred to a Public Health reserve to be applied in future financial years. This has been reiterated in a letter from Duncan Selbie Chief Executive of Public Health England (Appendix 2)

2 Public Health Grant 2014/15 and 2015/16

2.1 The Public Health Grant was announced on the on 10 January 2013 for 2013/14 and 2014/15, the allocations are as follows, the grant has increased by £1.27M or 4.9% from 2013/14 to 2014/15.

Authority	**2013/14 £000's**	**2014/15 £000's**	**Increase £000's**
Bournemouth	7,542	8,296	754
Dorset	12,538	12,889	351
Poole	5,892	6,057	165
Total	**25,972**	**27,242**	**1,270**

2.2 It is proposed that of the increase in grant for 2014/15 and 2015/16 (which as present is assumed to be at a cash standstill), due to the financial pressures facing local authorities, £1M of the £1.27M increase is redistributed to partners for local spending on public health activities in accordance with the Public Health Grant guidelines. This is shown in the table below.

Authority	**%**	**Public Health Grant redistributed 2014/15 and 2015/16 £000's**
Bournemouth	24.6%	246
Dorset	55.5%	555
Poole	19.9%	199

3 2014/15 Developments, Financing, Commissioning Intentions and Process

3.1 2014/15 Development Proposals

In the Board meeting of November 2013 we described and agreed a number of new, developmental activities for 2014/15. These included:

a. Change contracts/activity

Health Checks

- Single contract and price for 2014/15
- Outreach service for seldom heard groups and areas of high need
- Communications and marketing in selected geographical areas

Tobacco Control

- Re-commission maternity services relating to smoking in pregnancy.
- Establish Tobacco Control Alliance and strategy.
- Commission more unified approach to smoking cessation

Drugs & Alcohol

- Ensuring robust contracts with pharmacies and GPs
- Review and re-procure inpatient detoxification services
- Address inequities in provision including supervised consumption in pharmacies, primary care shared care; access to testing for blood borne viruses.

Weight & Physical Activity

- Re-commission Healthy Choices hub to address need in Bournemouth and Poole
- Extend Active Choices to Bournemouth and Poole

b. Programme/Service Review

Sexual Health

- Develop contract variations for each provider to ensure robust and timely data collection in LES contracts
- To renegotiate the Chlamydia provision according to outcomes.

Children and Young People - potential developments

- Review of school nursing contract and 0-5 offer with partners (covering e.g. health visiting/maternity/children's centres)

c. New activity

Integrated Lifestyles Service – with Transforming Health and Social Care

- Single point of access for all enquiries and referrals
- Clear lifestyle offer for all residents
- Develop consumer insight

Health Protection – with DFRS, CSP, Districts & Boroughs, PCC

- Healthwise extension into Bournemouth & Poole
- Warm Homes Healthy People
- Road safety agenda

Inequalities – with other activity within three authorities

- To be developed depending on specific local opportunities and issues

3.2 **Proposed Financing**

In the November Board paper we identified the funding for (c) above i.e. new activity as coming from the 2014/15 uplift. In view of the decision to return the uplift to partners we propose to remove these items from the work plan at this time. Respective authorities will retain the ability to fund some of this work locally should they wish.

The one item that requires a pan authority approach is the integrated lifestyle Service and it is proposed we look to funding this and the developments in section (a) out of the 2013/14 under spend. Our estimate is that the total spend for these developments will be no more than £650k (out of a projected under spend of £1.17M).

3.3 **Commissioning Intentions and Process – 2014/15**

Introduction

Following transition of public health into the local authorities in April 2013 it became apparent that there was a need to undertake a significant review of the way that public health when part of the NHS had previously contracted and commissioned services.

There is a substantial workload involved in migrating NHS contracts into appropriate local authority contracts, particularly for primary care providers. In addition, there remains the challenge of taking a strategic approach to how tenders and re-procurements are scheduled in the next two years in order to ensure services meet the requirements of all partners and the population of Bournemouth, Poole and Dorset. Finally, there is a need to explore for some key programmes as to whether there is a suitably developed market of providers with which to contract.

Project plans and schedules are being prepared for these larger commissioning programmes to ensure that there is sufficient support to assist with the planning and delivery of these commissioning intentions. To that end a common procurement pathway will be used for all public health programmes to help with planning. This is important because that without a co-ordinated approach to procurement there will not be the capacity or resource to support preparing and scheduling the necessary tenders to comply with procurement regulations and or European Law.

Current position: progress on contracts

All current Public Health contracts have been categorised into four areas based upon the type of provider:

1. Acute Trust NHS Contracts
2. Primary Care – General Practice (GP)
3. Primary Care – Community Pharmacy
4. Other community-based (non-NHS) providers

It is important to realise that within any one Public Health programme area there may be several different types of provider operating in that programme.

Acute Trust NHS Contracts
An agreement is in place between DCC and NHS Dorset CCG for the current contracting arrangements to continue in 2014/15. DCC will therefore be a party to five of the NHS contracts with local NHS Foundation Trusts.

This enables us to benefit from robust NHS quality management arrangements for these contracts but with the flexibility to undertake the direct management and development of the Public Health services it commissions.

For some services (e.g. sexual health, smoking cessation) this will enable the completion of reviews as part of the development of commissioning intentions, which will direct future procurement activity.

Primary Care Contracts (general practice and community pharmacy)
To support the transition of contracting with NHS primary care providers from the NHS to DCC, the historical PCT Local Enhanced Services (LES) agreements have been reviewed and translated into service specifications.

Each primary care provider will be issued a new single standard DCC contract for 2014-15 which will contain the service specifications relevant to their individual practice or pharmacy (due to the number of services this covers, not all providers deliver all services). This structure will simplify the contracting arrangements and enable contract variation to support the flexibility needed to add or change services to meet local need and demand.

Programme Specific Contracts with Community Providers
For each of these contracts, a decision has been made either to continue to commission services in 2014-15 or to allow the contract to terminate at its end date at 31st March 2014.

Formal notification has been issued to service providers where services will terminate. For services that meet commissioning priorities, new DCC contracts with revised specifications will be issued for 2014/15 for a 12 month period.

For some services, this will enable the completion of reviews to inform future models and inform options for future procurement activity.

3.4 **Communications and engagement**

Several of the public health programmes are likely to require complex procurement approaches – especially sexual health and the development of an integrated health improvement service. Strong, proactive communications and engagement will be essential in helping to develop new service models and providers.

For the complex procurement exercises, the development of a simple prospectus setting out the goals and objectives for specific public health programmes/services is one way that potential providers, stakeholders and residents can be kept informed of proposed developments. This has the advantage of starting a dialogue with potential suppliers in the market, as well as informing existing providers about future expectations.

The first of these prospectuses will be published this spring to help with the development of a more integrated health improvement service for Dorset.

4 Budget 2014/15

4.1 The draft revenue estimates for the Public Health Dorset for 2014/15 are attached at appendix 1 which includes the £1M redistribution to partners. The budget less the Pooled Treatment Budget (£5.846M) costs and Drug and Alcohol Services (£1.301M)

which amounts to £7.147M leaving a joint service budget of £19.095M. This has increased by £0.27M or 1.43%.

	Budget 2013/14 £'000's	**Forecast 2013/14 £'000's**	**Budget 2014/15 £'000's**
Team Costs	2,501	2,415	2,677
Commissioned Services			
Public Health Advice	259	275	202
Sexual Health	7,373	6,658	6,897
Substance Misuse	3,215	3,694	3,786
National Child Measurement	39	39	42
Children 5-19	1,403	1,415	1,492
NHS Healthchecks	1,284	828	1,084
Adult Obesity	486	280	272
Smoking and Tobacco	2,067	1,884	1,791
Nutrition and Breastfeeding	198	165	170
Residual Uplift in 2014/15			270
Unallocated / Contingency			412
TOTAL	**18,825**	**17,653**	**19,095**

4.2 The appendices also provide an indicative budget and cost shares for the following financial year 2014/15 and 2015/16.

5 Conclusion

5.1 We are still in the early days of providing our Public Health duties and fully understanding the financial aspects of the diverse services we provide. The partnership has already provided us with cost efficiencies by working together across Dorset to enable us to maximise the resources we have to improve the health outcomes for the people of Dorset.

Paul Kent
Director for Corporate Resources
February 2014

FINANCIAL UPDATE 4 FEBRUARY 2014				APPENDIX 1
	2013/14 £000's	2014/15 £000's	Increase £000's	
Public Health Allocations				
- Poole	5,892	6,057	165	2.8%
- Bournemouth	7,542	8,296	754	10.0%
- Dorset	12,538	12,889	351	2.8%
	25,972	**27,242**	**1,270**	4.9%
	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**	**Bmth**	**Dorset**	**Total**
	£000's	**£000's**	**£000's**	**£000's**
2013/14 Grant Allocation	5,892	7,542	12,538	25,972
Less Pooled Treatment Budget and DAAT Team costs	(1,449)	(3,098)	(2,600)	(7,147)
Joint Service Budget Partner Contributions	**4,443**	**4,444**	**9,938**	**18,825**
Public Health allocation 2014/15 and 2015/16	**Poole**	**Bmth**	**Dorset**	**Total**
	£000's	**£000's**	**£000's**	**£000's**
2013/14 Grant Allocation	6,057	8,296	12,889	27,242
Less Pooled Treatment Budget and DAAT Team costs	(1,449)	(3,098)	(2,600)	(7,147)
Public Health Incresae 2014/15 back to Councils	(199)	(246)	(555)	(1,000)
Joint Service Budget Partner Contributions	**4,409**	**4,952**	**9,734**	**19,095**
% Increase in Joint Service Budget				1.43%

Public Health England

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133-155 Waterloo Road
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Local Government Association

Local Government House
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PHE Gateway Number: 2013-413
15 January 2014

To: Local Authority Chief Executives

Dear everyone

Ringfenced Public Health Grant

The purpose of this letter is to set out the agreed arrangements for providing a year-end Statement of Assurance to demonstrate that your ringfenced public health grant has been spent on eligible expenditure.

As you are aware, the ringfenced public health grant is paid to Local Authorities by Public Health England (PHE) and the Chief Executive of PHE is therefore the Accounting Officer for the totality of this spend, some £2.66 billion, with clear responsibility to demonstrate that the grant has been spent on the purposes intended by Parliament.

PHE has developed its assurance arrangements setting out the various elements of assurance which can be taken from existing arrangements in place across the public health system. There are a number of such forms of assurance, most fundamental of which is the annual year end Statement of Assurance to be received from each upper tier local authority. This Statement will confirm compliance with the grant conditions as set out in Local Authority Circular LAC(DH)(2013)1 on 10 January 2013.

The PHE Chief Executive, as Accounting Officer, requires assurance that local authorities have applied the ringfenced public health grant, provided to them by PHE, in accordance with the grant conditions set out in the 'Ringfenced Public Health Grant Determination 2013/14: No 31/2100' in order to support him in attesting that the expenditure in the PHE accounts has been applied to the purposes intended by Parliament. The assurance framework developed by PHE has been shared with the National Audit Office (which audits PHE's accounts).

The NAO has advised us that in principle it agrees that the assurance gained from this framework should be sufficient for it to express an opinion on the regularity of the expenditure recorded in PHE's financial statements. It has, however, highlighted a specific issue with respect to the timing of the receipt of the Statement of Assurance from Local Authority Chief Executives.

Given that this statement is a fundamental aspect of the assurance process, it is important that a Preliminary Statement of Assurance is received in time to enable PHE's accounts to be certified and laid before Parliament in June 2014; and that Local Authority Chief Executives (or Director of Finance/Section 151 Officer) prepare and sign off the Statements of Assurance on the basis of adequate appropriate evidence that grant conditions have been adhered to. PHE's accounts are consolidated into the Department of Health's Group Accounts and are therefore required to be laid before Parliament before the summer Parliamentary recess.

This means that it is essential that a Preliminary Statement of Assurance from each local authority is received earlier than was originally planned. The statement is needed by 9 May 2014 to enable the PHE Chief Executive to sign off the PHE's 2013-14 Financial Statements and for PHE's external audit to be concluded in accordance with the timetable set by the Department of Health. A draft template statement is provided at Annexe A for this purpose.

You will appreciate the importance of ensuring that the integrity of the system for providing assurance that all spend against the ringfenced grant complies with relevant grant conditions is maintained, and that this assurance is available to support the PHE Chief Executive in signing off PHE's Financial Statements. It would be greatly appreciated if you could arrange for the Preliminary Statement of Assurance to be sent to PHE at publichealthgrant@phe.gov.uk after the end of the financial year, but by 9 May 2014 at the latest.

Thank you for your support and assistance.

Best wishes

Duncan Selbie
Chief Executive
Public Health England

Carolyn Downs
Chief Executive
Local Government Association

Annexe A
Preliminary Statement of Assurance

[Insert name of local authority]

Date: DD/MM/YYYY

Statement of Assurance: Ring-fenced Public Health Grant Determination 2013/14: No 31/2100

The ring-fenced public health grant, in the amount of £……, has been provided to this local authority, in the 2013/2014 financial year.

As the authority's Chief Executive/Director of Finance/Section 151 Officer I confirm that the grant has been applied (or, where amounts are held in the authority's public health reserve, is planned to be applied) to discharge the public health functions set out in Section 73B (2) of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012) in accordance with the grant conditions set out in the 'Ring-fenced Public Health Grant Determination 2013/14: No 31/2100.

I confirm that where funding has been combined ('pooled') with funds from other sources, that has been in accordance with the relevant conditions in paragraphs 5-6 of the Grant Determination.

[Signed]