

Joint Public Health Board

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

Date of Meeting	6 November 2014
Officer	Chief Financial Officer
Subject of Report	Draft estimates 2015/16 and financial report September 2014
Executive Summary	<p>The draft revenue estimate for Public Health Dorset in 2015/16 is £18.595M. The sums to be borne by each partner under cost-sharing arrangements are set out in an appendix 1.</p> <p>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.</p> <p>The report explains the main drivers and factors influencing the estimates, including sensitivity and risks relating to the budget and the opportunities that there may be to redistribute the budget both within the service and across other council activities. The report also gives an update on the Public Health Grant.</p> <p>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.</p> <p>Public Health Dorset has a revenue budget of £19.1M in 2014/15, as agreed by the Joint Public Health Board.</p> <p>Budget monitoring so far this year has highlighted some variances from the budget on some major contract areas.</p> <p>Our latest forecast is that Public Health Dorset will underspend overall, in 2014/15 by around £1M or 5% of the total budget.</p>

	<p>It has recently 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.</p> <p>In the light of progress to date and agreed key re-procurement exercises underway as part of transforming the service, discussions have been had with Directors which resulted in recommending the Board agree to extend the existing agreement for a further 5 years (3 years with an option to extend for a further 2 years) to maximise the impact of the current service transformation and enable implementation of a longer term financial strategy for Public Health.</p>
<p>Impact Assessment:</p> <p><i>Please refer to the protocol for writing reports.</i></p>	<p>Equalities Impact Assessment: An equality impact assessment is carried out each year on the medium term financial strategy.</p> <p>Use of Evidence: This report has been compiled from the budget monitoring information provided within the Corporate Performance Monitoring Information (CPMI).</p> <p>Budget: The forecast outturn figures currently show a projected underspend for Public Health Dorset at the end of the financial year of around £1M.</p> <p>Risk Assessment:</p> <p>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:</p> <p>Current Risk: MEDIUM Residual Risk LOW</p> <p>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.</p> <p>Other Implications: As noted in the report</p>
<p>Recommendation</p>	<p>The Joint Board is asked to consider the information in this report and:</p> <ul style="list-style-type: none"> (i) recommend the draft estimates for 2015/16 to Partner Councils, for consideration; (ii) recommend the extension of the joint legal agreement for Public Health for 5 years (3 years with an option to extend for a further 2 years) from 1 April 2015 details to be agreed by

	<p>Heads of Legal Services and Finance Officers (S151 officers);</p> <p>(iii) agree to transfer any underspend to a public health reserve until the year end position is confirmed;</p> <p>(iv) agree a medium term strategy to the reinvestment of savings based on the principles described in the report.</p>
Reason for Recommendation	<p>Close monitoring of the budget position is an essential requirement to ensure that money and resources are used efficiently and effectively.</p>
Appendices	<p>Appendix 1 – Budget 2014/15 and 2015/16</p>
Background Papers	<p>CPMI – September 2014 and Public Health Agreement</p>
Report Originator and Contact	<p>Name: Phil Rook, Group Finance Manager Tel: 01305-225131 Email: p.j.rook@dorsetcc.gov.uk</p>

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 on 9 September 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 second year since transfer from the NHS in April 2013, and it is only now that we have a full financial picture for 2013/14. The table below shows the projected forecast for 2014/15.

1.6 Budget Position at 30 September 2014

	Above Line Budget 2014/15 £'000	Forecast Outturn 2014/15 £'000	Underspend/ (Overspend) 2014/15 £'000
Team Costs	3,090	2,448	642
Commissioned Services			
Public Health Advice	202	202	0
Sexual Health	6,897	6,897	0
Substance Misuse	3,785	3,785	0
National Child Measurement	42	39	3
Children 5-19	1,562	1,542	20
NHS Healthchecks	1,084	1,050	34
Adult Obesity	372	380	(8)
Smoking and Tobacco	1,691	1,299	392
Health Protection	20	20	0
Other Public Health Services	350	350	0
TOTAL	19,095	18,012	1,083

- 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.
- 1.8 Public Health Dorset continue to work closely with the procurement team, who are continuing to review 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 are in the process of being reissued under new contract terms.
- 1.9 **Public Health Reserve**
- 1.10 Members will recall that at the last meeting the outturn for 2013/14 was presented, the table below shows the underspend that was transferred into the Public Health reserve.

Public Health Reserve	£000's
Public Health Underspend 2013/14	1,447
DAAT Underspend 2013/14 one off (DCC)	111
PTB underspend 2013/14 one off (DCC)	177
Total	1,735

- 1.11 It was agreed that the £1.447M underspend would be distributed as follows:

Authority	%	2013/14 amount of underspend £000's
Bournemouth	24.6%	£356k
Dorset	55.5%	£804k
Poole	19.9%	£287k

1.12 It should be noted that £700k of Dorset's underspend will be spent on a Warmer and Healthier Homes project that will cover all three authorities and seek to reduce the effects of cold homes on avoidable excess winter deaths. This funding was first mooted a year ago but was not able to progress at that time due to lack of funding.

1.13 We now have a good understanding of budgets plus agreed plans for programme transformation including the re-procurement of existing programmes and activities e.g. health improvement hub. It would seem timely therefore to better define plans for the balance of activity within our budget, in particular the use of savings.

1.14 We have previously described the fundamentals of our approach to commissioning namely; improving effectiveness, efficiency and equity. This has been reflected in the current re-procurement plans and our overall work-plan which can be summarised under four headings:

1. Transformation of existing programme to Improve quality of service

- Health Improvement services re-commissioning
- Sexual Health service re-commissioning

2. Improving efficiency of commissioning & delivery of existing programmes

- Drugs & Alcohol
- Children's and Young People - introduction of Health Visitors

3. Improving specific public health outcomes

- National priorities or outcomes where we do not have a coherent or evidence based set of actions e.g. inequalities, 'public mental health'
- Improved coordination of existing activities to improve resilience and improve public health outcomes - e.g. health protection

4. Improving each authorities internal focus on the health of its populations

- Linking public health outcomes/activity in a more systematic and coherent way to existing council priorities and work-plans. e.g. regeneration.
- Identifying council plans where core public health functions e.g. prevention are closely linked to these plans e.g Better Together.

1.15 The approach to savings was discussed at the last Board in the context of the 2013/14 budget. We took a pragmatic approach to the redeployment of these savings. However given our understanding of our medium term spend on contracts it is possible to plan for a consistent savings target in the region of £1M, excluding any possible medium term savings as a result of re-procurement of existing services.

1.16 In considering how we might best redeploy these savings there are several challenges including:

1. the on-going financial challenges to Local Authority funding.

2. the audit requirements of the Department of Health & Public Health England
3. The delivery of quality, value for money, services reflecting need in our local populations.

1.17 To ensure we address these challenges effectively, it is suggested we adopt a clear rationale and medium term strategy for the redeployment of savings that addresses priorities within the activity areas described above, while also delivering value for money for authorities including absorbing existing Local Authority costs where appropriate. The text below outlines the pros and cons of the two approaches i.e. current ad hoc approach versus structured reinvestment.

1. Current: ad hoc use of savings on a year by year basis.

Pros:

1. Gives year on year 'flexibility' in budget and activity management
2. Enables a quicker response to uncertainties in the external climate and into wider LA financial and related pressures.

Cons

1. Makes it more difficult to support a coherent medium term strategy to improving public health outcomes locally and reducing inequalities
2. Has the potential for questions resulting from external audit and possible reductions in future central grant.

2. A planned savings and reinvestment programme:

Pros:

1. Enables building of a more coherent set of activities
2. Does not generate new costs for local authorities and absorbs some current running costs
3. Improves opportunities for joint action on priority public health functions.
4. It is more 'defensible' to all stakeholders.

Cons:

1. Requires continuing commitment to partnership model
2. Lacks flexibility in responding to unforeseen financial pressures

1.18 The Board is asked to support the adoption of a structured approach to the redistribution of savings and the development of a reinvestment plan for 15/16 for consideration by the Board in February 2015 for adoption in 2015/16 and beyond.

2 Public Health Grant 2015/16

2.1 On the 9 September 2014 the Department of Health published the Public Health Allocations for 2015/16 which are the same as 2014/15, the grant is still ring fenced as we assumed in our financial planning. The previously promised uplift for 2015/16 from Public Health England did not happen.

Public Health Allocations	2015/16
- Poole	6,057
- Bournemouth	8,296
- Dorset	12,889
	27,242

2015/16 the Transfer of public health commissioning responsibilities for 0-5 year olds from NHS England to local authorities

- 2.2 As in the previous public health transfer, the baseline expenditure on 0-5 services by local authority will provide the basis for each local authority's individual allocations for 2015/16. It is important that area teams and councils are fully engaged with this exercise to ensure that the resources to be transferred are sufficient to cover the services to be commissioned in the year of transfer i.e. from 1st October 2015 (50% in year 1). The aim is to set out funding for each local authority alongside the local government finance settlement in December 2014. This would be based on the cost of existing services (and contracts) to be transferred in each area. Funding will sit within the overall 'ring-fenced' public health budget. We have been fully engaged in this process.
- 2.3 The figure for Dorset, Bournemouth and Poole is around £10M and the contract is with Dorset Healthcare, work is still on-going with Department of Health and the other partners, at this time we have agreed that the funding will sit in the Joint Public Health budget to ensure we understand the implications of the proposed transfer and continue to maximise the position of Public Health Dorset to make effective use of the collective resources that will transfer to local authorities. For further details see the paper in the Commissioning Intentions section of the agenda.

3 Budget 2015/16

- 3.1 The draft revenue estimates for the Public Health Dorset for 2015/16 are attached at appendix 1. The budget less the Pooled Treatment Budget £5.846M costs and Drug and Alcohol Services £1.301M and the return to councils of £1M base funding in 2014/15 and a proposed further return of base funding of £500k which amounts to £7.147M leaving a joint service budget of £18.595M for 2015/16. The budget will increase in October 2015 once the transfer of Children's commissioning responsibilities is included. The additional 2.62% savings in 2015/16 increases the overall savings for 2015/16 to approximately 15% compared to the 2013/14 base budget.

	Above Line Budget 2014/15 £'000	Forecast Outturn 2014/15 £'000	Budget 2015/16
Team Costs	3,090	2,448	2,678
Commissioned Services			
Public Health Advice	202	202	230
Sexual Health	6,897	6,897	6,897
Substance Misuse	3,785	3,785	3,606
National Child Measurement	42	39	42
Children 5-19	1,562	1,542	1,562
NHS Healthchecks	1,084	1,050	1,004

Adult Obesity	372	380	265
Smoking and Tobacco	1,691	1,299	1,141
Health Protection	20	20	20
Other Public Health Services	350	350	1,150
TOTAL	19,095	18,012	18,595

4 Sensitivity and risks

- 4.1 The main risk is the cost of fluctuation in contracts we commission on demand and price increases, the services we commission are through primarily acute hospitals, Dorset HealthCare and Pharmacy Services as these account for most of the commissioned services budget.
- 4.2 Pay awards are assumed to continue at the 1% rate agreed for 2015/16 as it was for 2014/15.

5 Conclusion

- 5.1 We are at the start of the second financial year of providing our Public Health duties and now understand the financial aspects of the diverse services we provide. The partnership has been very successful and 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.

Richard Bates
Chief Financial Officer
November 2014

FINANCIAL UPDATE 6 NOVEMBER 2014		APPENDIX 1			
	2013/14	2014/15	2015/16	Increase	
	£000's	£000's	£000's	£000's	
Public Health Allocations					
- Poole	5,892	6,057	6,057	0	0.0%
- Bournemouth	7,542	8,296	8,296	0	0.0%
- Dorset	12,538	12,889	12,889	0	0.0%
	25,972	27,242	27,242	0	0.0%
	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					
	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 Increase 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 allocation 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 Increase 2014/15 back to Councils	(199)	(246)	(555)	(1,000)	
Public Health Increase 2015/16 back to Councils	(100)	(125)	(275)	(500)	
Joint Service Budget Partner Contributions	4,309	4,827	9,459	18,595	
% Increase in Joint Service Budget				-2.62%	