

Joint Public Health Board

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

Date of Meeting	3 February 2015
Officer	Chief Financial Officer
Subject of Report	Budget Monitoring 2014/15 and financial update
Executive Summary	<p>Public Health Dorset had a revenue budget of close to £19M in 2013/14, as agreed by the Joint Public Health Board.</p> <p>There is an update on the position in 2014/15, which explains movements on various budget headings but at present forecasts a overall projected underspend of around £1M.</p> <p>The report also gives an update on the Public Health Grant for 2015/16 following the Provisional Finance settlement in December.</p> <p>Public Health Dorset had a revenue budget of £19.1M in 2014/15 this increased by £1.3M to £20.4M due to transfer from the public heal reserve as agreed by the Joint Board at its last meeting.</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. In the light of progress to date and agreed key re-procurement exercises underway as part of transforming the service, the Board agreed at it's last meeting 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> <p>(i) agree the use of the forecast underspend for 2014/15 and 2015/16.</p>
<p>Reason for Recommendation</p>	<p>Close monitoring of the budget position is an essential requirement to ensure that money and resources are used efficiently and effectively.</p>
<p>Appendices</p>	<p>Appendix 1 – Budget 2014/15 and 2015/16</p>
<p>Background Papers</p>	<p>CPMI – December 2014 and Public Health Agreement</p>
<p>Report Originator and Contact</p>	<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 The provisional local government finance settlement was announced on the 17 December and this contained the usual allocation of the Public Health Grant which is still ring-fenced. On 11 December the Department of Health published the allocation for the transfer of 0-5 children's public health commissioning to Local Authorities which was roughly what we were expecting.
- 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 31 December 2014

	Above Line Budget 2014/15 £'000	Forecast Outturn 2014/15 £'000	Underspend/ (Overspend) 2014/15 £'000
Team Costs	3,332	2,693	639
Commissioned Services			
Public Health Advice	950	950	0
Sexual Health	6,897	7,132	(235)
Substance Misuse	3,785	3,773	12
National Child Measurement	42	38	4
Children 5-19	1,432	1,391	41
NHS Healthchecks	1,084	890	194
Adult Obesity	332	340	(8)
Smoking and Tobacco	1,691	1,249	442
Health Improvement	0	40	(40)
Other Public Health Services	170	162	8
Inequalities	723	723	0
TOTAL	20,438	19,381	1,057

- 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 reserve position was presented, the table below shows the use of the underspend and the updated reserve position agreed from the last meeting.

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
Use of 2013/14 underspend Poole	(287)
Use of 2013/14 underspend Bournemouth	(356)
Warmer and Healthier Homes *** see para 1.11	(700)
Total	392

1.11 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.

1.12 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.

1.13 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 given the 2014/15 underspend position, excluding any possible medium term savings as a result of re-procurement of existing services.

1.14 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.

1.15 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, therefore it has been agreed that going forward the 2014/15 £1M forecast underspend and the estimated £500k in 2015/16 will be used over two financial years (2015/16 and 2016/17) 50% to

support Children’s Services and the early years agenda to mitigate where reductions would have been made but still complying with the conditions of the Public Health Grant and 50% for Health Protection this element will be retained within the Public Health Budget. This is shown below in the following table.

2014/15 one off Underspend £1M	Use in 2015/16 £000’s	Use in 2016/17 £000’s
Children’s	250	250
Health Protection (retained in PH)	250	250
Total	500	500
2015/16 one off Underspend £0.5M	Use in 2015/16 £000’s	Use in 2016/17 £000’s
Children’s	125	125
Health Protection (retained in PH)	125	125
Total	250	250

1.16 Therefore the allocation for each Authority for Children’s Services is as follows:

Financial Year	Dorset £000’s	Poole £000’s	Bournemouth £000’s
2015/16 £250k	138.50	50.00	61.50
2016/17 £125k	69.25	25.00	30.75
Total	207.75	75.00	92.25

1.17 The Board is asked to support the adoption of this approach to the redistribution of savings and the development of a reinvestment plan for adoption in 2015/16 and beyond. The rationale for these two areas is described in a separate paper on this agenda.

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 this was confirmed in the Local Government Provisional Finance Settlement on 17 December, 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 £000’s
- 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.

2.4 The actual allocations were as expected apart from the following adjustments:

- addressing concerns about consistency of treatment on CQUIN (Commissioning for Quality and Innovation Payment) and inflationary measures – this adds £5M (half year) to allocations compared to the figures submitted on 12 September 2014;
- an additional £2M (half year) on commissioning costs nationally for 2015/16; (this amounts to £30k per local authority and £15k in 2015/16)
- an additional estimated £2.8M (half year) funding to implement a minimum floor of £160 per head to the amount of resource transferred. (We are all significantly above this so don't benefit)

2.5 We propose that the extra costs for commissioning costs goes back to each individual local authority to support the Children's agenda as we will already absorb the extra commissioning work required within the Public Health Team mentioned in paragraph 2.4 above.

Public Health Allocations	2015/16 £000's (Half Year)	2016/17 £000's
- Poole	1,288	2,576
- Bournemouth	1,818	3,636
- Dorset	2,267	5,434
	5,373	10,746

3 Conclusion

3.1 We are near the end 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
 February 2015

FINANCIAL UPDATE 2 FEBRUARY 2015		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	
2014/15 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	
2015/16 Grant Allocation	6,057	8,296	12,889	27,242	
Children's Commissioning 2015/16 Half year	1,288	1,818	2,267	5,373	
Less Commissioning Costs	(15)	(15)	(15)	(45)	
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	5,582	6,630	11,711	23,923	
% Increase in Joint Service Budget					