

Joint Public Health Board

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

Date of Meeting	20 July 2015
Officer	Chief Financial Officer
Subject of Report	Budget - 2014/15 outturn and financial update
Executive Summary	<p>Public Health Dorset had a revenue budget of close to £19M in 2014/15, as agreed by the Joint Public Health Board.</p> <p>There is an update on the outturn for 2014/15, which explains movements on various budget headings, a overall underspend of £1.381M was achieved in line with our forecasts</p> <p>The report also gives an update on the Public Health Grant for 2015/16 following the budget announcement on the 4 June 2015 and any update from the emergency budget scheduled for 8 July</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 health reserve as agreed by the Joint Board in November 2014</p> <p>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 November 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>
Impact Assessment:	Equalities Impact Assessment: An equality impact assessment is carried out each year on the medium term financial strategy.

<p><i>Please refer to the protocol for writing reports.</i></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 Public Health budget was underspent by £1.381m in 2014/15, though this is a ringfenced grant and the underspend is therefore transferred to reserves in accordance with the grant conditions. This will be needed to mitigate the proposed reduction in the Public Health Grant in 2015/16 of £200M nationally as outlined in the Chancellors Statement on the 4 June.</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 and comment on the outturn position in this report and agree the use of the 2014/15 underspend to mitigate the impact of the proposed £1.9M grant reduction in 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 – Final 2014-15 and Public Health Agreement</p>
<p>Report Originator and Contact</p>	<p>Name: Michael Ford Acting Group Finance Manager Tel: (01305) 225131 Email: m.j.ford@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 Public Health Dorset is in its second year since transfer from the NHS in April 2013, The table below shows the projected outturn for 2014/15.
- 1.5 The Public Health budget was underspent by £1.381m in 2014/15, though this is a ringfenced grant and the underspend is therefore transferred to reserves in accordance with the grant conditions. This will be needed to mitigate proposed reduction in the Public Health Grant in 2015/16 £200M nationally outlined in the Chancellors Statement on the 4 June.

1.6 Budget Outturn Position 2014/15

	Above Line Budget 2014/15 £'000	Outturn 2014/15 £'000	Underspend/ (Overspend) 2014/15 £'000
Team Costs	3,334	2,444	890
Commissioned Services			
Public Health Advice	950	902	48
Sexual Health	6,897	7,177	(280)
Substance Misuse	3,785	4,155	(370)
National Child Measurement	42	38	4
Children 5-19	1,432	1,366	66
NHS Healthchecks	1,084	545	539
Adult Obesity	332	324	8
Smoking and Tobacco	1,691	1,267	424
Nutrition and Breastfeeding	170	162	8
Inequalities	723	679	44
TOTAL	20,440	19,059	1,381

- 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.
- 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.

Public Health Reserve

- 1.9 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)
Use of 2013/14 underspend Dorset	(700)
Public Health Underspend 2014/15	1,381
PTB underspend 2014/15 one off (DCC)	20
Total	1,793

2 Public Health Grant 2015/16

- 2.1 On 4 June, the Chancellor announced that the Government's in-year budget review had concluded with the identification of a further £4.5bn of measures towards debt reduction. £3bn will come from Whitehall Departments, estimated to be 3% of unprotected budgets. The focus seems to be around tighter budget management (with an emphasis on underspends rather than spending up to budget), asset sales and continued efficiency savings. The detail is not available but should start to become clearer after the 8 July budget.
- 2.2 The Department Health non NHS referred to in the Chancellors statement is the Public Health Grant to local authorities. The proposal is for a 7.2% cut to the national Public Health Grant for 2015/16 [and beyond]. This equates to a minimum £1.95m reduction in 2015/16 for Public Health Dorset. There is currently no clarity or definitive details on how the consultation on the reduction will take place. The implications on the grant reductions are as follows if this strategy remains:

Public Health Allocations	2015/16 £000's	Estimate Cut £000's	Revised Grant £000's
Poole	6,057	434	5,623
Bournemouth	8,296	594	7,702
Dorset	12,889	923	11,966
	27,242	1,950	25,292

- 2.3 Public Health Dorset made savings of £1.4M in 2013/14 and again in 2014/15. In addition it also returned the central budget uplift for 14/15 in both 2014/15 and 2015/16. This equates to an overall return to all three authorities of 15% on the operating budget in 13/14 and 14/15.
- 2.4 The 2013/14 operational savings were directed to the Warmer Homes project [£700k] and a number of specific projects in Bournemouth & Poole decided on by the B&P H&WB Board.

- 2.5 The Joint Board decided in November 2014 and February 2015 to divide any future savings between two topic areas namely: early intervention (children) and health protection.
- 2.6 However as mentioned above as of 5 June the Treasury has announced an effective 7.4% cut to the Local Authority Public Health budgets for 2015/16 and while as of now [7 July] there is no clarity on detail it would be prudent to plan for the worst and hope for the best.
- 2.7 To enable us to decide on how to make these savings, a set of principles is suggested below, namely to:
- Maintain core and mandatory front line services in keeping with agreement with DH.
 - Continue push to drive savings from all elements, especially from non-transformed budgets e.g. drugs & alcohol, sexual health.
 - Maintain the focus on improving outcomes of the worst off in our populations.
 - Maintain stability as far as practical in terms of agreed commitments for 2015/16.
- 2.8 Options to cover the budget reduction in 2015/16 include:
- Previous Savings not yet spent
 - 2013/14 savings: any non-committed elements of projects
 - 2014/15 savings: although some already committed
 - 2015/16 operational budget
 - retained element
 - change outputs in existing budget
 - In year savings
 - Other
 - Reserves
- 2.9 Savings beyond 2015/16 will depend on government policy and include reviews and re-tendering of some major budgets locally; the remaining two are sexual health for which the tender is underway and drugs and alcohol. It is worth reiterating that 92% of the budget goes on direct front line service provision
- 2.10 Given the external scrutiny of the budget and its increasing performance management by the DH we need to be aware of making any disproportionate reductions in front line/mandatory services. It is possible the ring fence and notions of mandatory programmes are removed in which case there is a separate discussion, but it will come with increased DH/PHE scrutiny/performance management.
- 2.11 The table below describes a list of options for making £1.95M savings in 2015/16. It does not include the Health Visitor [HV] transfer in October 2015, which is a new commitment although there is the possibility of re-commissioning HVs in 2017/18.

2015/16				
Source	Definite	Possible	When	One off or Recurrent
Reserves	250k		Now	One off
14/15 savings - Health Protection	500k		Now	One off

14/15 savings - Early Intervention	750k		Now	One off
IP detox	120k	150k	Now ?October	Recurrent
Dorset PTB	120k		Now	Recurrent?
Opportunistic Health Checks		400k	If capped at £100k	Recurrent?
Summary	£1740k	£550k		

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

- 2.12 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. An exercise is in place 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 indicative funding for each local authority was set out in December 2014. This was based on the cost of existing services (and contracts) to be transferred in each area.
- 2.13 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.

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 at 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. The challenge now is to focus on delivering the proposed reductions in the grant while minimising the impact on service delivery and to continue the process of transformation at scale and pace.

Richard Bates
Chief Financial Officer
 July 2015

FINANCIAL UPDATE 20 JULY 2015		APPENDIX 1			
	2013/14 £000's	2014/15 £000's	2015/16 £000's	Increase £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					