Public Health Dorset

Joint Public Health Board

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

Date of Meeting	5 February 2018
Officer	Chief Financial Officer and Director of Public Health
Subject of Report	**Financial Report**
Executive Summary	The draft revenue budget for Public Health Dorset in 2017/18 is £28.512m. This is based upon an indicative Grant Allocation of £34.288m. It is expected that the budget will be underspent by £1.2m in 2017/18. This is informed by the commissioning update, included within the paper. Reserves held at the end of 2017/18 will be in the region of £1.45m. The grant allocation for Dorset for 2018/19 has will be reduced by 2.6% to £33.4m. The indicative allocation for 2019/20 is £32.5m, a further reduction of 2.6m. Further detail, including the draft estimates for 2018/19 are included in the body of the paper. Alongside the publication of the final allocations for 2018/19, Public Health England (PHE), announced that the Public Health Grant ring-fence and grant conditions will remain in place until 31 March 2020.
Impact Assessment:	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 Public Health budget is currently forecast to be underspent by £1.2m in 2017/18. Further detail is contained in the main body of the report.
	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 in 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 to: 1. Note the update on 17/18 forecast; and 2. Note the final allocation for 2018/19 and indicative allocation for 2019/20;
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	None
Background Papers	
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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. Significant responsibilities for public health were transferred to local councils from the NHS, and locally these are delivered through Public Health Dorset, a shared service across the 3 local authorities. Public Health England was established and is responsible for public health nationally, and NHS England and Clinical Commissioning Groups also have some continuing responsibilities for public health functions.

Public Health Grant

1.2 The revenue budget for Public Health Dorset in 2017/18 is £28.512M. This is based on a Grant Allocation of £34.288M, a 2.5% reduction over the grant allocation for 2016/17, and no change in elements retained by local authorities. The Public Health Grant Allocations and partner contributions are shown in table 1 in the appendix.

2. Commissioning update with financial impact

Drugs and alcohol

2.2 Mobilisation of the new contracts has generally gone smoothly, with ongoing service development to continue as required. Although contract finance data associated with the shift have been agreed and transfer made for 17/18, this is not yet reflected in change to the pooled treatment element of the budget allocation for 18/19.

Sexual Health Services

2.3 The sexual health business case and preferred options paper is complete and was circulated to and agreed by the Chair and Deputy Chair of the Joint Public Health Board in October 2017. The integrated service modelling and redesign for sexual health is progressing well, the providers are currently undertaking internal due diligence and quality assurance processes.

Public Health Dorset continue to negotiate the contract with Dorset Health Care Foundation Trust (DHCFT) , with the integrated sexual health service specification in final draft stage; negotiations will conclude at the latest by March 1st 2018, followed by release of the VEAT notice (Voluntary Ex-Ante notice).

The contract between Public Health Dorset and DHCFT can then be signed after the 10-day period, if there is no challenge, with a view to start the new service contract on 1st April 2018.

The next stage of savings initially planned for 18/19 will now be staged over two years rather than one as the new service model establishes, a further 6.9% over the two years to March 2020.

Children and Young Person commissioning

2.4 There is no change to 17/18 budget position. Future budget implications considered as part of the options paper (see Agenda), include an expectation that the current incentive element of payment will not continue in the extended contract in 18/19 (equivalent of approximately 2.5% saving).

Health Improvement including Health Checks

2.5 The Joint Public Health Board supported a key decision to transfer the LiveWell Dorset service in-house at its last board meeting. Progress is covered in a separate paper (see Agenda).

2.6 The NHS Health Checks programme continues to show variable performance across Dorset, partly due to a lack of GP invitations in several localities. Discussions are taking place with Dorset Clinical Commissioning Group to develop a new service model that would be used as a basis to re-tender the service. The aim would be to have GP invitations at the heart of the new model, with providers of the checks agreed on a locality by locality basis to ensure the right model of service for different populations. The tender timescales will be planned to ensure new contracts begin from April 2019.

3. Forecast Out-turn 2017/18

3.1 The Public Health budget is currently forecast to be underspent by £1.2m.

2017/18	Budget 2017-2018	Forecast outturn 2017-2018	Forecast over/underspend 2017/18
Public Health Function			
Clinical Treatment Services	£9,980,800	£10,356,849	-£376,049
Early Intervention 0-19	£11,366,400	£11,298,266	£68,134
Health Improvement	£2,904,200	£2,456,904	£447,296
Health Protection	£245,000	£63,280	£181,720
Public Health Intelligence	£344,800	£144,220	£200,580
Resilience and Inequalities	£1,907,300	£1,561,725	£345,575
Public Health Team	£2,763,500	£2,389,814	£373,686
Total	**£29,512,000**	**£28,271,060**	**£1,240,941**

3.2 Existing budget lines have been moved to create a recurrent budget that will support Prevention at Scale (under resilience and inequalities). This is in addition to the one off £1m from the reserve to support projects that will form the basis of the new PAS programme and in doing so generate savings across the wider system. It should be highlighted that any spend here will be determined by the ability to achieve the overall forecast underspend.

3.3 Within Clinical Treatment Services there continues to be a predicted overspend. This is due to an increase in residential rehabilitation in the first half of the year, thought to be due to providers' uncertainty about the outcome of the Drug & Alcohol procurement process. This increase has now dropped off and the forecast overspend has reduced by nearly 300k as a result. Further work is in place to ensure this stays within budget for 18/19.

3.4 Forecast outturn on early intervention has increased slightly. This is due to a timing issue in respect of the transfer of the remaining contract elements (the Lyme contract).

3.5 As indicated in 2.5-2.6 above, Health Checks performance has been very variable. The Health Improvement forecast has therefore been reduced to reflect this.

3.6 Health Protection and Public Health Intelligence remain underspent. Elements of the air quality project and our intelligence work have been delayed and/or deferred to ensure overall Public Health underspend is achieved.

3.7 Resilience and Inequalities budget now includes the £1million Prevention at Scale monies brought in from reserves, with forecast currently predicting this will all be spent. As a result of our work on Prevention at Scale we have had external grants into the system of £650k for physical activity (requiring an element of match funding from within this budget). The team have also generated £100k income to date from small scale grants and payments. Further bids have been submitted to the STP transformation fund held by the CCG, to Health Education England and to a range of other funding opportunities.

3.8 The Public Health team budget shows a slightly larger underspend than at the November board, due to held vacancies.

4. Looking back

4.1 Since transfer out of the NHS in 2013, public health have taken on responsibility for an additional £13.5M in contracts. Despite this the shared service operational budget in 17/18 is only £9.5M more than 13/14 – a saving of £4M, 20% of the 13/14 budget.

4.2 There was an uplift to the Public Health Grant in 14/15 of £1.5M; this was retained in full by the local authorities and not passed into the public health service. This was followed by an in year cut of £2M in 15/16 and further cuts in each subsequent year, amounting to £3.6M to date. The public health operational budget, excluding the health visitor contract which transferred in October 2015, has therefore decreased by £3.4M in real terms since transfer.

4.3 Despite the significant reductions in the grant the change in the amount retained by the local authorities primarily reflects change in drug and alcohol commissioning responsibilities. Local authorities have also benefited from the return of underspent monies. Returned and retained monies still need to be used in accordance with the ring-fence grant conditions. The Board agreed in November 2016 that the returned underspend from 16/17 onwards would be used to invest in early intervention and health protection within the local authority. Figures for overall savings are shown in the table below:

Year	Change in grant (exc. children's commissioning)	Grant retained in local authorities (exc. PTB) £k	Underspend £k	Overall saving made by PHD £k
13/14	0	0	1,496	1,496
14/15	+1,270	1,000	1,381	1,111
15/16	-2,019	1,545	564	4128
16/17	-813	1,381	2,367	4561
17/18	-866	1,381	1,200	3447
Total				**£14,743k**

4.5 Differences in how each local authority has worked with public health around drug and alcohol responsibilities mean that each local authority retains a different proportion. In 17/18 the £5.7M retained for drugs and alcohol is split Poole £1.6M (21%), Bournemouth £3.3M (31%), and Dorset £0.8M (5%). (Percentage is of overall grant).

4.4 Staffing numbers have fallen slightly, and costs are consistently managed within our static establishment budget. There has been an overall reduction in spend on consultant level posts of over 28% since 2013, due to a combination of static TUPE, reduced posts, removal of on call requirements and reduced hours.

5. Looking forward

5.1 The Autumn Spending review in November 2015 indicated that there would be continued cuts to the public health grant until 2020/21. Final allocations for 2018/19 and indicative allocations for 2019/20 were published in December 2017 and are set out in table 2 in the appendix.

5.2 Alongside the publication of the final allocations for 2018/19, PHE, announced that the Public Health Grant ring-fence and grant conditions will remain in place until 31 March 2020. From April 2020, it is expected that the Public Health Grant will be replaced by retained business rates. PHE are therefore working with the Department of Health to agree the assurance arrangements that will need to be in place before the grant comes to an end and expect to confirm those measures by spring 2019.

5.3 Further changes in commissioning responsibilities (including for drugs and alcohol) should result in revised contributions to the public health service from the relevant local authority. For Poole, transfer of £839k per annum commissioning responsibility to public health has been agreed, and the request has been made to therefore amend the retained PTB element. This will have no overall impact on long term forecast as the change will match costs of areas transferred.

5.4 Preliminary forecasts for 2018/19 and 2019/20 have been developed that take account of further anticipated savings and likely impacts of work to date in restructuring public health activity and spend. These are indicative only and may be subject to further change.

Estimated forecast 18/19 and 19/20 (Updated to show final 2018/19 allocation)

	18/19	19/20
Public Health Dorset budget	**27,631**	**26,749**
Clinical Treatment Services	10,409	10,233
Health Improvement (adult)	2,530	2,620
Health Improvement (0-19)	11,038	11,038
Health Protection	67	67
Public Health Intelligence	139	139
PAS and advocacy	482	154
Public Health Team	2,500	2,440
Forecast spend	**27,166**	**26,651**
Difference (under)/over	**(465)**	**(151)**

6 Conclusion

6.1 **The Board are asked to note the update.**

5.2 To date Public Health Dorset have made substantial efficiency gains through the re-commissioning of services. Further efficiency gains are planned but are likely to be on a smaller scale. Public Health Dorset continues to look at restructuring public health activity and spend to provide as much convergence with other work across the system as practical; any savings as a result of this work are likely to impact more slowly and savings made be made elsewhere in the local authority rather than in public health. **The Board are asked to note the updated forecast for 17/18, and draft estimates and indicative forecasts for 18/19 and 19/20, following confirmation of the 2018/19 allocation.**

Richard Bates
Chief Financial Officer

Dr David Phillips
Director of Public Health

February 2018

APPENDIX 1: Public Health Grant Allocations and Partner Contributions

Table 1 - 2017/18 Allocation

Public Health allocation 2017/18	Poole	Bmth	Dorset	Total
	£	£	£	£
2017/18 Grant Allocation	7,794,000	10,779,000	15,715,000	34,288,000
Less Commissioning Costs	(30,000)	(30,000)	(30,000)	(90,000)
Less Pooled Treatment Budget and DAAT Team costs	(1,300,000)	(2,925,000)	(170,000)	(4,395,000)
2014/15 Public Health Increase back to Councils	(299,000)	(371,000)	(621,000)	(1,291,000)
Joint Service Budget Partner Contributions	**6,165,000**	**7,453,000**	**14,894,000**	**28,512,000**

Budget 2017/18 **28,512,000**

Table 2 Allocation 2018/19 and Estimated Allocation 2019/20

2018/19	Poole	Bmth	Dorset	Total
	£	£	£	£
2018/19 Grant Allocation	7,594,000	10,502,000	15,311,000	33,407,000
Less Commissioning Costs	(30,000)	(30,000)	(30,000)	(90,000)
Less Pooled Treatment Budget and DAAT Team costs	*(1,300,000)*(A)	*(2,925,000)*	*(170,000)*	*(4,395,000)*[1]
2014/15 Public Health Increase back to Councils	(299,000)	(371,000)	(621,000)	(1,291,000)
Joint Service Budget Partner Contributions	**5,965,000**	**7,176,000**	**14,490,000**	**27,631,000**

Budget 2018/19 **27,631,000**

2019/20	Poole	Bmth	Dorset	Total
	£	£	£	£
Estimated 2019/20 Grant Allocation	7,393,000	10,225,000	14,907,000	32,525,000
Less Commissioning Costs	(30,000)	(30,000)	(30,000)	(90,000)
Less Pooled Treatment Budget and DAAT Team costs	*(1,300,000)*(A)	*(2,925,000)*	*(170,000)*	*(4,395,000)*[2]
2014/15 Public Health Increase back to Councils	(299,000)	(371,000)	(621,000)	(1,291,000)
Joint Service Budget Partner Contributions	**5,764,000**	**6,899,000**	**14,086,000**	**26,749,000**

Estimated Budget 2019/20 **26,749,000**

(A) In discussion to amend to £461k

[1] Please refer to paragraph 5.3
[2] Please refer to paragraph 5.3