

Southend-on-Sea Borough Council

**Report of Director of Public Health
to
Cabinet
on
22 January 2013**

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**Update on Public Health Ring Fenced Grant allocation and Public Health Budget
Prioritisation 2013/14**

**Economic and Environmental and Community Services & Culture Scrutiny
Committees
Executive Councillor: Councillor Nigel Holdcroft**

A Part 1 Public Agenda Item

1 Purpose of Report

To update Cabinet on:

- The Public Health Ring Fenced Grant allocated to Southend Council for 2013/14 and 2014/15
- The proposed public health services that should be prioritised and commissioned in 2013/14 and process that will inform commissioning
- The grant conditions and administrative requirements the Department of Health (DH) have set out for the Council

2 Recommendations

Cabinet is asked to;

- 2. 1 Review and endorse the prioritised transitional public health services for 2013/14;**
- 2. 2 Note that during 2013/14 the public health service will be brought into alignment with the Councils strategic objectives; in particular the Health and Wellbeing Strategy for Southend, and commissioned on that basis in time for 2014/15.**

- 2.3 Subject to 2.1 above, to agree the budget allocated to the prioritised public health service areas identified in Appendix 1.**
- 2.4 Note the conditions governing the use of the grant and formal reporting requirements.**
- 2.5 Refer this report to the appropriate Scrutiny Committees for consideration as part of the Council's Budget Process for 2013/14**

3 Background

- 3.1 Members have previously received briefings setting out the transfer of public responsibilities, from Primary Care Trusts (PCTs) to unitary and upper tier authorities. This transfer will take place on the 1 April 2013. On the 10 January 2013, the Department of Health (DH) published a circular setting out the final ring-fenced public health grant each unitary and upper tier local authority will receive in 2013/14 and 2014/15. This paper will provide an update on the Councils public health ring fenced grant allocation.
- 3.2 The Council will receive a grant of £7.327 million in 2013/14 and £8.060 million in 2014/15. Although the 2013/14 grant is more than the initial baseline allocation of £5.204 million the Council had previously been notified it would receive, it is still about £1.4million less than the £8.7 million required to meet the Southend population public health needs (£8.749 million is the amount the national grant allocation formula has established as the target opening baseline budget for Southend).
- 3.3 The 2013/14 grant of £7.327 million is in line with the current South Essex Cluster PCT expenditure on public health services in Southend for 2012/13. Given this expenditure has been found to be well below that required to meet the needs of the population, the Council will need to ensure the grant is used to maximum effect to commission effective and efficient public health services for the population of Southend. Therefore, in line with the Council's approach to contract letting, as work is recommissioned work will be undertaken to achieve efficiencies wherever possible so that the available monies can ultimately be used to deliver more services on the ground than is currently achieved. It should be noted that the funding previously received from the core PCT budget to fund the Southend Drug and Alcohol Action Team (DAAT) is now included in the public health grant allocation (circa £2.8 million).
- 3.4 The Government's delay in accepting its initial flawed methodology for allocations and extremely late announcements of the allocation to local authorities, has had a significant impact on contract negotiations with providers and suppliers. The Council takes on its new public health commissioning responsibilities on 1 April 2013. This leaves an extremely short timescale in which to develop new contracts with providers. It also means the Council would have major difficulties in ascertaining whether current PCT commissioned providers were delivering best value.

- 3.5 In order to achieve best value and realise the financial and population level benefits that integrating the delivery of the public health function across the whole of the Council could achieve, much more detailed work is required. It is proposed that Cabinet agree the overall public health budget allocation and specific spend categories prioritised for 2013/14 as set out in Appendix 1; on the basis that extensive work will be undertaken during 2013/14 to ensure all public health services are fit for purpose and meet population need. If the Cabinet agree to this proposal it would enable the Southend population to continue to receive health services from current PCT commissioned providers post 31 March 2013.
- 3.6 Action will be taken to ensure efficiencies are released from providers in year. During the early part of 2013/14 all current public health services will be reviewed, efficiencies identified and released (where possible). New service delivery models, specifications and pathways will be introduced and agreements with providers amended (in year if possible) to meet the Council's requirements.
- 3.7 The process set out in 3.6 will ensure all public health contracts and agreements for 2014/15 will be based on population need and reflect key council priorities based upon the Health and Wellbeing strategy. This might require reallocation of money between services. They will be robust and informed by input from all relevant stakeholders within the Council and any external partners. This process will allow for investment in priority public health interventions and Council priorities.
- 3.8 The Cabinet should note the need to apportion an element of the grant to support the effective delivery of the new public health function that the Council will be taking responsibility from April 2013. The new responsibilities involve a significant element of procurement, contract and financial management of goods and services. The specialist public health staff transferring from the PCT also have a requirement for full telephony, IT and administrative support. There is therefore a requirement to apportion an element of the overall public health budget to enable appropriate corporate support to be provided. Appendix 1 sets out the proposed budget for 2013/14, together with the commissioning intentions which are in line with current PCT public health spend in Southend-on-Sea. Members will note that the budget has a net nil effect on the General Fund.
- 3.9 The rationale for prioritisation and inclusion of these services has previously been part of all Member briefings on Public Health and Budget related matters. The key point to note is the responsibility for commissioning these particular services transfers to the Council via statutory transfer order on the 1 April 2013.
- 3.10 The Cabinet should be aware that detailed service specifications (procurement plans where relevant) for each priority area, including desired population level outcomes and provider performance management and monitoring arrangements, are currently being developed. These specifications will inform and underpin the Council's overarching public

health service plan which will be aligned to the corporate objectives.

- 3.11 Where collaboration/joint commissioning with Clinical Commissioning Groups (CCGs) or the NHS Commissioning Board is deemed to be in the interest of the Council, public health service specifications need to be agreed with stakeholders and providers by the 31 March 2013.
- 3.12 The grant will be paid in quarterly instalments and the Council is required to submit high level quarterly returns in June, September and December. These need to be sent to the Department for Communities & Local Government. An end of year statement of assurance confirming the grant has been used for the purposes intended (commissioning prescribed and non-prescribed public health services) will need to be signed by the Council's Chief Executive and sent to Public Health England.

4 Benchmarking with other local authorities

- 4.1 The average level of 2013/14 grant awarded in England was £49 per head of population. Southend Council's grant equates to an award of £42 per head. This compares with Essex £34 and Thurrock £46. For 2014/15 these will be England £51, Southend £45, Essex £35 and Thurrock £46. The national allocation formula does mean that Southend should receive proportionally more resources than both Essex and Thurrock in future years.

5 Other Options

- 5.1 The options set out in this paper enable the Council to maintain the existing public health services commissioned for its population and scope to deliver better value through the development of new service specifications through the process described.

6 Risks

- 6.1 The level of ring-fenced grant awarded has reduced the level of financial and reputational risk to the Council. All current prescribed core public health services can now be commissioned but efficiencies are still required.

7 Reasons for Recommendations

- 7.1 To secure agreement on the prioritisation and budget allocation of public health goods and services for the population of Southend from 1 April 2013.

8 Corporate implications

8.1 Contribution to the Council's Visions and Corporate Priorities

The commissioning of safe and effective public health services is central to the Council's mission to reduce health inequalities and increase the life chances of the population of Southend.

8.2 **Financial Implications**

The public health overall grant amount has been included in the Council's corporate financial plan. This paper provides high level detail on budget allocation to specific service areas. There will be a requirement to undertake appropriate financial monitoring of grant expenditure in line with published grant conditions.

8.3 **Legal Implications**

The Council has a legal duty to evidence expenditure of the ring fenced public health grant on prescribed and non-prescribed public health services. The Chief Executive is required to provide written assurance that the grant has been spent as intended. The Secretary of State for Health has powers which allow the recovery of any grant payments made or withholding of future grant payments if the grant is not used as intended.

8.4 **People Implications**

The corporate impact of supporting the public health function in terms of Council overheads has been identified in the current budget proposals. All public health staff transferring from the PCT under TUPE are fully funded by the grant.

8.5 **Property Implications**

None currently identified

8.6 **Consultation**

CMT and Members have received briefings on the Southend public health budget allocation and related issues. This paper provides additional context and clarification of the rationale for budget allocation. Full consultation of new services specifications will be undertaken where relevant.

8.7 **Equality and Diversity Implications**

None currently identified. Each public health service is commissioned on the basis of population need and the review process to be adopted in 2013/14 should assist to identify and address issues related to equality and diversity.

8.8 **Value for Money**

Any new or existing public health services will be subject to value for money assessment and service specifications developed or amended accordingly.

8.9 **Community Safety Implications**

The public health grant may be used to support public health action to tackle community safety, violence prevention and social exclusion issues.

8.10 **Environmental Impact**

None

9 Background Papers

9.1 Documents published by the Department of Health

Healthy lives, healthy people: our strategy for public health in England.

http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_121941

Ring-fenced Public Health Grant

<https://www.wp.dh.gov.uk/publications/files/2013/01/LA-Grant-cir-and-allocations1.pdf>

10 Appendices

Appendix 1 - Proposed Public Health Budget and Commissioning Intentions
2013/14