

11 December 2017**Agenda Item: 8****REPORT OF DIRECTOR OF PUBLIC HEALTH****USE OF PUBLIC HEALTH GENERAL RESERVES TO MARCH 2019****Purpose of the Report**

1. To seek approval to proposed additional uses of Public Health reserves.

Information and Advice

2. Since transferring into the local authority in 2013, Public Health has been fully funded through a ring-fenced Public Health grant, provided annually as an allocation from the Department of Health. In past years, the Public Health grant allocation has been underspent, for reasons including:
 - underperformance on payment by results (PBR) contracts
 - extra efficiencies above those anticipated, being generated through integrated commissioning approaches
 - rigorous contract management focused on achieving value for money
 - savings from carrying staffing vacancies in anticipation of the Public Health restructure, and the effects of recruitment drag
 - requirement to retain a level of reserves as contingency for risk (see para 6 below)
3. Unspent Public Health grant has been placed in a separate, ring-fenced Public Health (PH) General reserve. The conditions of the grant allow that if at the end of the financial year there is any underspend this can be carried over, as part of a public health reserve, into the next financial year. In utilising those funds the next year, the grant conditions will still need to be complied with.
4. The PH General reserve has also been used to hold small amounts of external funding on behalf of other organisations, such as a small fund for Sector Led Initiatives held collectively by the East Midlands Directors of Public Health, and NHS Pioneer funding awarded to a consortium of local Councils for a health and housing project.
5. Because the Public Health division has access to the PH General reserve, the division makes its own arrangements to address risk. It is not expected to draw on the Council's other reserves in case of unexpected expenditure. Therefore, it has been important for the division to hold some level of reserves. Such reserves are tracked and expected to accrue to ensure

public health retains a satisfactory reserve for sudden expense such as local health protection emergencies.

6. As well as the PH General reserve, Public Health also holds some additional, separate Section 256 reserves. Section 256 of the National Health Act 2006 allows Primary Care Trusts (or successor bodies) to enter into arrangements with local authorities to carry out activities with health benefits. Section 256 funds received by the Council and currently held by Public Health are for activities to combat substance misuse, support for Children and Young People's mental health (Future in Mind programme), and the Family Nurse Partnership. Plans are in place to spend all of the S256 reserves on the relevant activities.

Review of Public Health Reserves 2017

7. Existing commitments against the Public Health reserves were reviewed during September 2017. Each commitment was examined to test the level of funds allocated, the rationale for the allocation, the impact of the intervention and the risk or consequence of removing the reserves funding. As a result, £1.157m of previous commitments were identified to be removed, releasing the funds for reallocation. £3,748,895 is currently committed with £2,185,689 remaining for allocation, as set out in Table 1 below.

Table 1 Summary of Public Health General Reserves as at 20 November 2017

	£
Committed use of PH reserves as of 20 November 2017	3,748,895
Total potential PH reserves available for allocation as of 20 November 2017	2,185,689
Total value of proposals for the remaining Public Health reserves	1,035,000
Reserves remaining for allocation or as provision for risk, should all proposals be approved	1,150,689

Proposals for use of the remaining Public Health reserves

8. A list of proposed items for use of some of the unallocated reserves is contained in Annex A. This appendix includes information on:
 - The level of funds requested and the financial years involved
 - The rationale for each proposal
 - Anticipated impacts of the intervention including links to Public Health outcomes
 - Risks / consequences of not allocating the Public Health reserves funding

Compliance with conditions of Public Health Grant

9. The ring-fenced allocation of Public Health grant is subject to national conditions specified by the Department of Health. These conditions apply to all local authorities in receipt of Public Health grant.
10. As the reserves were originally received in the form of Public Health grant, the conditions still apply to the use of the grant, even though these resources were provided as Public Health grant in previous years. The grant conditions reference this specifically as follows: "If there are funds left over at the end of the financial year they can be carried over into the next financial

year. Funds carried over should be accounted for in public health reserve. All the conditions that apply to the use of the grant will continue to apply to any funds carried over. However, where there are large underspends the Department reserves the right to reduce allocations in future years.”

11. The grant conditions specify that grant must be used only for meeting eligible expenditure incurred or to be incurred by local authorities for the purposes of their public health functions as specified in Section 73B(2) of the National Health Service Act 2006 (“the 2006 Act”). The conditions also state that the local authority must
 - “have regard to the need to reduce inequalities between the people in its area with respect to the benefits that they can obtain from that part of the health service provided in exercise of the functions referred to [above];
 - “have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services.”
12. Although a Council may use its Public Health grant for other functions of the local authority, the Conditions state that “the authority must be of opinion that those functions have a significant effect on public health or have a significant effect on, or in connection with, the exercise of the functions described – “the public health functions as specified in Section 73B(2) of the National Health Service Act 2006” - and the authority must be satisfied that, having regard to the contribution from the public health grant, the total expenditure to be met from the fund and the public health benefit to be derived from the use of the fund, the arrangements provide value for money.”
13. CIPFA also provides guidance on the use of Public Health grant. Within the Service Reporting Code of Practice for Local Authorities, CIPFA lists the categories of expenditure that should be recorded. Most of these are specific to public health. The original five Public Health mandatory elements appear first (sexual health, NHS health checks, health protection, National Child Measurement Programme, public health advice to CCGs) followed by other public health activities such as obesity / physical activity, substance misuse, smoking and tobacco, and children’s 5-19 public health services. The last category within the CIPFA guidance is entitled “Miscellaneous” and includes the functions listed in Table 2 below.

Table 2 – Miscellaneous category within CIPFA Service Reporting Categories related to Public Health grant in England

Miscellaneous
Nutrition
Health at work
Accident prevention
Public mental health
General prevention
Community safety, violence prevention and social exclusion
Dental public health
Fluoridation
Infectious disease surveillance and control
Environmental hazards
Seasonal death reduction
Birth defect prevention
Mandated children’s public health service age 0-5

All 0-5 children's public health services
Other Public Health Services - defined as "Any spend from the public health grant used to tackle the wider and social determinants of health and health inequalities not already recorded in any other category".

14. The Council observed the conditions of the grant when previously agreeing realignment of Public Health grant to support activities formerly held by other parts of the Council. For example, just over £1m of Public Health grant now supports activities to address domestic violence, within the Community safety, violence prevention and social exclusion element in the Miscellaneous category.
15. The proposals for additional uses of the Public Health reserves set out in Annex A are all compliant with the conditions of grant outlined above.

Other Options Considered

16. Option to use Public Health reserves for other budgetary purposes in the local authority - It is not possible to place unspent Public Health Grant into the Council's general reserves or use it to offset budget pressures in other areas of the Council owing to the conditions of the Public Health grant as described in the report. The Council is required to use the Public Health grant in line with the conditions, must sign annual statements of assurance to this effect and must complete government returns reporting expenditure within specified categories.
17. Option to hold Public Health reserves against future Public Health expenditure beyond March 2019 - The Public Health grant ring fence is currently set to end in March 2019. No information has yet been provided by the Department of Health on what will happen to funds remaining in reserves at that date. If the Public Health reserves are not spent by the end of the ring fence, there is a risk that the funds may have to be returned to the Department of Health; therefore making decisions to utilise the funds before March 2019 will maximise funding available to the authority.

Reason for Recommendation

18. The proposed uses of Public Health reserves in Annex A are compliant with the Public Health grant conditions and will maximise the use of funding whilst it is available to the authority.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

20. The Public Health reserves built up from unused Public Health grant allocations in previous years. These are held separately so that they can be used in accordance with the conditions of the Public Health grant. Table 1 at paragraph 7 above summarises the latest financial position on the Public Health general reserves. If all the proposed additional uses of Public

Health reserves are approved, totalling £1,035,000, this would leave £1,150,689 in PH reserves still to be allocated or as provision for risk.

RECOMMENDATION

- 1) That Members approve additional uses of Public Health reserves from the list in Annex A of the report, including approval to implement the agreed proposals, commence any related procurement and extend related secondment arrangements.

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Constitutional Comments (EP 09.11.2017)

21. The recommendation falls within the remit of the Adult Social Care and Public Health Committee by virtue of its terms of reference.

Financial Comments (DG 09.11.2017)

22. The financial implications are contained with paragraph 20 of this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Department of Health, Public Health Grant Conditions 2016/17 and 2017/18, 11 February 2016
- CIPFA Service Expenditure Analysis for Public Health (England)

Electoral Division(s) and Member(s) Affected

- All