

10 December 2018**Agenda Item: 6**

REPORT OF DIRECTOR OF PUBLIC HEALTH

USE OF PUBLIC HEALTH GENERAL RESERVES

Purpose of the Report

1. To seek approval to proposed additional uses of Public Health general reserves and to the establishment of two temporary posts within the Public Health division associated with two of the proposed additional uses.

Information

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 some payment by results (PBR) contracts
 - slippage on other contracts with reprofiling of activity in future years
 - extra efficiencies being generated through integrated commissioning approaches
 - rigorous contract management focused on achieving value for money
 - savings on the staffing budget due to recruitment drag
 - requirement to retain a level of reserves as contingency for risk (see para 5 below)
3. Unspent Public Health grant is 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. More information on the Conditions is given in paragraphs 13-17 in this report.
4. The PH General reserve has also been used to hold small amounts of external funding on behalf of other organisations, such as 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, and support for Children and Young People's mental health (Future in Mind programme). Plans are in place to spend all of the S256 reserves on the relevant activities.

Summary of Public Health Reserves 2018/19

7. Public Health General reserves were last scrutinised by Committee in December 2017.
8. The Public Health reserves fluctuate for a number of reasons, as follows:
- a. Slippage on contracts has to be held in PH reserves in order for it to be transferred to the next financial year. This does not represent underspend, but rather rescheduling of approved activity.
 - b. Receipt of additional income from other organisations, for specific activities or purposes, which again is held in reserves until the time for it to be used.
 - c. Underperformance on Payment By Results (PBR) Contracts which can lead to underspend on contracts, if it is not possible to reprofile the activity and recover performance.
9. Appendix 1 of this report lists all the current commitments against reserves. These are a mixture of slippage from previous years (contracted spend), items to be funded by resources received by the Council for that specific purpose, and items previously approved for funding from PH reserves by Committee. The current commitments total £4.894M. All of the approved uses of reserves are compatible with the conditions of Public Health grant and contribute to Commitment 6 in the Council Plan: People are healthier. Other impacts of the approved uses of reserves are identified in the Appendix.
10. The table below summarises the current Public Health general reserves position. Although there are £5.077M of currently uncommitted reserves, £1M of these are required as provision for future risk, leaving £4.077M for potential allocation at the present time.

Table 1 Summary of Public Health General Reserves 1 November 2018

	£M
PH Reserves balance	9.971
Committed uses of PH reserves as of 1 November 2018	4.894
Provision required for risk	1.000
Total potential PH reserves available for allocation as of 1 November 2018	4.077

Proposals for use of the remaining Public Health reserves

11. A list of proposed items for use of some of the unallocated reserves is contained in Appendix 2. These proposed items total £3.698M. Appendix 2 includes information on:
- The level of funds requested for each proposal
 - 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
12. Two of the new proposals for use of reserves will include appointment of temporary staff within the Public Health division. The related proposals are at number 1 (Increase capacity within the Public Health division to support the wellbeing agenda in the workplace) – 1 FTE Public Health Support Officer at Band B, and number 9 (Better data for prevention and population health need) – 0.5 FTE Public Health Intelligence Analyst, in Appendix 2.

Compliance with conditions of Public Health Grant

13. 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.
14. 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.”
15. 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.”
16. 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.”
17. The Department of Health and Social Care provides a list of categories for reporting local authority public health spend. In the 2018/19 list, the Public Health prescribed functions appear first (sexual health (STI testing & treatment; contraception), NHS health checks, local authority role in health protection, public health advice to NHS Commissioners, National Child Measurement Programme, prescribed children’s 0-5 services) followed by other non-prescribed public health activities such as obesity / physical activity, substance misuse, smoking and tobacco, children’s 5-19 public health services, health at work, and public mental health. The last category in the list is Miscellaneous, which may be used to record other

expenditure on other Public Health services, which CIPFA previously 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”.

18. The proposals for additional uses of the Public Health reserves set out in Appendix 2 are all compliant with the conditions of grant outlined above.

Other Options Considered

19. Option to use Public Health reserves for other budgetary purposes in the local authority - 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 against the grant within specified categories. Therefore, it is not possible to place unspent Public Health grant into the Council's main reserves nor to use it to offset budget pressures in other areas of the Council that do not contribute to Public Health outcomes.
20. Option to hold Public Health reserves against future Public Health expenditure beyond March 2021 - The Public Health grant ring fence is currently set to end in March 2020. The grant conditions state that unspent grant may be carried forward as a reserve for use in the next financial year so the current assumption is that unspent grant from 2019/20 would be able to be used for Public Health in 2020/21. No information has yet been provided by the Department of Health on what will happen to funds remaining in reserves after this time. If the Public Health reserves are not spent by this time, 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 2021 will maximise funding available to the authority.

Reason for Recommendation

21. The proposed uses of Public Health reserves in Appendix 2 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

22. 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

23. The Public Health reserves built up from unused Public Health grant allocations in previous years and are held separately so that they can be used in accordance with the conditions of the Public Health grant. Table 1 at paragraph 10 above summarises the current financial position on the Public Health general reserves. If all the proposed additional uses of Public Health reserves are approved, totalling £3.698M, this would leave £1.378M in PH reserves. About £1M of this is needed as provision for future risk, primarily to ensure that existing contractual commitments can be met in the context of known future reduction to Public Health grant in 2019/20 and likely additional reduction thereafter. £378K of reserves remain available

for commitment. Additional proposals for use of the remaining reserves are currently being worked on and will be brought back to Committee as soon as possible.

Human Resources Implications

24. Two of the new proposals for use of reserves will include appointment of temporary staff within the Public Health division. The affected proposals are at number 1(Increase capacity within the Public Health division to support the wellbeing agenda in the workplace) and number 9 (Better data for prevention and population health need) in Appendix 2. These additional posts are the same as existing roles which have already been evaluated.
25. Where proposals outside the Public Health division will involve the appointment of new staff, it will be the responsibility of the employing part of the Council to ensure that appropriate authorisation is sought as required to establish temporary posts.

RECOMMENDATIONS

- 1) That Members approve additional uses of Public Health reserves from the list in Appendix 2 of the report, including approval to implement agreed proposals and commence related procurement
- 2) That the following fixed-term posts be established:
 - a) Fixed term 1 FTE Public Health Support officer at Band B, for a period of 2 years from the date of appointment
 - b) Fixed term 0.5 FTE Public Health Intelligence Analyst at Band B, for a period of 12 months from the date of appointment

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Constitutional Comments (KK 09.11.2018)

26. The proposals in this report are within the remit of the Adult Social Care and Public Health Committee.

Financial Comments (DG 08/11/18)

27. The financial implications are contained within paragraph 23 of this report.

Human Resources Comments (SJJ 12/11/2018)

28. The proposed temporary posts are positions that currently exist in the structure and do not require evaluation to determine a grade. The posts will be recruited to using the County Council's recruitment procedures. Trade Union colleagues have received a copy of the 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.

- Report to Adult Social Care and Public Health Committee, 11 December 2017, Use of Public Health General Reserves to March 2019
- Department of Health and Social Care, Local Authority Circular : public health ring fenced grant 2018/19, 21 December 2017
- Business Cases relating to the individual proposals for use of reserves contained in Appendix 2

Electoral Division(s) and Member(s) Affected

- All