

9th January 2014**Agenda Item: 7****REPORT OF THE DIRECTOR OF PUBLIC HEALTH****ESTABLISHMENT OF THE CONTRACT MANAGEMENT FUNCTION TO
SUPPORT PUBLIC HEALTH COMMISSIONING****Purpose of the Report**

1. This report provides information on the contract management function required to support the work of the Public Health Department. It seeks approval from the Public Health Committee to establish a formal support function to replace the interim contracts team put in place in April 2013.

Information and Advice

2. Prior to April this year, the Public Health Department received its contract management support from the centralised procurement function within the Primary Care Trusts. Following the transfer to Nottinghamshire County Council, although the procurement function was established within the finance department, the Public Health Department had to set up an internal mechanism for contract management as no central function was available.
3. Due to the immediate need for this function, Public Health established an interim contracts team from existing Public Health staff. These members of staff were temporarily reassigned to establish and maintain systems to manage the service contracts for Public Health.
4. Looking forward and using lessons learnt since April, the Department wishes to establish a formal support function. This includes establishing dedicated contract manager posts within the council with the required skills and experience to undertake the role.
5. **Appendix One** describes the proposed structure for the contracts team. It includes the following roles:
 - Contract managers for higher value contracts
 - Contract managers for lower value contracts
 - Administrative / claims and data entry support

6. Performance management will be incorporated into the contract manager roles, to recognise the breadth of work required. The Performance role is coordinated through one manager, who has the lead role.
7. The proposed team structure anticipates and reflects the changing landscape of the Public Health Contracts in 2014/15. It recognises the support required in the re-procurement of services, contractual changes that will need to be delivered in 2014/15 to support financial savings and the award of and management of revised and new PH Services Contracts for 2015/16.
8. It is acknowledged that flexibility will need to be maintained in order to respond to changes in council systems, future structures and commissioning responsibilities.

Establishing the Contract Management Team

9. The Public Health Department is mindful of the financial pressures facing the council. It has therefore looked creatively at solutions to meet the needs of the department, whilst addressing integration of Public Health within the council, providing security for council staff and minimising financial impact to the council. A combination of the following solutions is proposed to establish the contracts team.
 - a. **Appointment of staff from within Public Health:** It is proposed that the establishment of the contracts team be used to start to align Public Health staff onto council terms and conditions. This will apply to Public Health staff whose role currently delivers the contract management function.
 - b. **Continued redeployment of Public Health staff:** It is proposed to continue the redeployment of a Public Health professional, and whose role will continue to align to the contracts function.
 - c. **Recruitment of staff to fill vacancies:** It is proposed to recruit two new contract managers (one permanent and one fixed term until April 2015) and administrative support. The normal council recruitment process will be followed. The posts will firstly be opened to internal council staff who have the necessary skills and experience. This will offer future employment opportunities to staff 'at risk' as a result of the current budget challenge.

Financial Implications

10. There is no new resource required to formally establish the contract management team. A number of funding streams are available to resource the team. This would require recycling the following funding to cover the costs of the team:

a. Existing staffing resource already assigned to the contract work:

There are three members of Public Health staff assigned to work on contract management, who are keen to continue to develop their roles in this area. It is proposed to use this resource in the funding of the contract management team.

b. Resource released from staff vacancies: Following the departure of the administrative team leader, and reallocation of her role across other members of staff, there is £30,061 uncommitted resource associated with this vacancy.

c. Public Health Grant Overheads: When the Public Health grant was allocated, £484,000 was assigned to overhead costs associated with the support functions for the department. The majority of this fund is being used to cover support costs from wider council departments, such as accommodation, finance, procurement, human resources and communications. However, the establishment of contracts managers is a legitimate call on this overheads fund.

d. Income: Public Health has taken on the responsibility for commissioning services for substance misuse in prisons on behalf of NHS England. This arrangement provides consistency in standards of services for substance misuse across the different patient populations. This agreement runs until April 2015, when it will be reviewed with the potential for transferring the commissioning responsibility back to NHS England. To support the work, NHS England has awarded a management cost of £64,735 up to April 2015.

11. **Table One** details the costs associated with establishing a contract management team to support the Public Health Department. The costs include the salary costs, together with the on-costs relating to employers' national insurance contributions and employers' pension contributions.

Table One: Financial Implication of the establishment of contracts team

Post	Cost (including on-costs)
Contract and Performance Manager - High Value Contracts (Hay Grade D - 1.0FTE)	£49,747
Higher Value Contract Manager & PH Performance Lead (Agenda for Change 8a - 1.0 FTE)	£57,955
Contract Manager – Prison Substance Misuse (Hay Grade C – 1.0FTE) Fixed term to 31.3.15	£45,167

Contract Manager - Lower Value Contracts / LCPHS (Hay Grade A - 1.0FTE)	£34,303
Contract Manager - Lower Value Contracts / Performance Officer (Hay Grade A - 1.0FTE)	£34,303
Claims and Data Entry Clerk (NJE 3 - 1.0FTE)	£20,541
Administrative Support (NJE 3 - 0.8FTE) Review 31.3.15	£16,433
Total Costs	£258,449
Total Resources available	£274,015

12. The proposed contracts staffing costs are calculated to be £258,449 and this is covered through the available resource. The remaining £15,566 is placed in the Public Health reserves.

Other options considered

13. Consideration was given to retaining the current contracts support structure. However, this was rejected as it does not meet the needs of the Public Health Department.

Reason for recommendation

14. Advice from procurement colleagues, and experience working within the local authority setting, identified a new need for greater capacity and specialist skills and experience in managing complex contracts of high financial value. These skills do not currently exist within the Public Health Department, but are critical for the successful management of Public Health commissioning business, including the realisation of cost efficiencies from contracted services.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, the NHS constitution (together with any statutory guidance issued by the Secretary of State) and sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

16. Human Resources Implications

Human Resource implications are contained in the body of the report.

17. Finance Implications

Finance implications are contained in the body of the report.

RECOMENDATIONS

The Public Health Committee is asked to:

1. Support the establishment of the contracts team structure.
2. Agree for the re-assignment of funds from within the Public Health grant and Public Health income to cover the costs of the team.

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Constitutional Comments (KK 23/12/13)

14. The proposals in this report are within the remit of the Public Health Committee.

Financial Comments (NDR 24/12/13)

15. The financial implications are set out in the report.

Background Papers

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.

Public Health Sub-Committee paper on the Public Health Grant January 2013

Electoral Division(s) and Member(s) Affected

All

Appendix One: Proposed Structure for Contract Management Team

