



16th January 2013

Agenda Item: 11

REPORT OF THE DIRECTOR OF PUBLIC HEALTH

PUBLIC HEALTH GRANT AND BUDGET PLANNING UPDATE REPORT

Purpose of the Report

1. To inform the Members of the Health and Wellbeing Board of the current funding arrangements within Public Health (2012/13) and the ongoing work to prepare for the Public Health Grant allocation from 2013/14.

Information and Advice

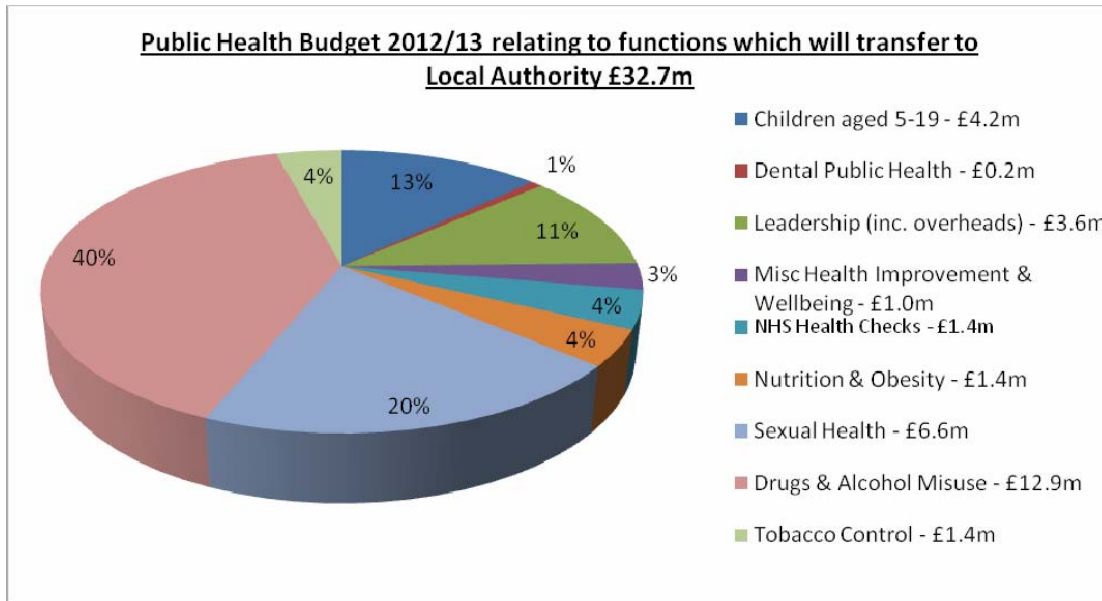
Context

2. As from April 2013 Public Health functions will be funded through three principal routes:
 - Ring-fenced grants to upper tier and unitary local authorities.
 - Through the NHS Commissioning Board.
 - Public Health England commissioning or providing services itself.

Public Health Budget 2012/13

3. The Public Health Budgets for 2012/13 across NHS Bassetlaw and NHS Nottinghamshire County total £67.4m. Approximately £32.7m (48.5%) of this budget relates to functions which will fall within the Local Authority's remit. **Table 1** below illustrates how the £32.7m is currently allocated across the public health policy areas.
4. A list of Public Health functions transferring to Local Authority along with summary of the services commissioned for each of the policy areas are included for information in **Appendix One**.

Table 1



Public Health Grant

5. The Public Health Grant for 2013/14 was expected to be announced by the 21st December 2012, but has now been delayed until January. A number of baseline returns have been submitted to the Department of Health by NHS Bassetlaw and NHS Nottinghamshire County which suggest that the Public Health grant could range from £29.9m to £33.7m. The indicative allocation released in February 2012 was £29.9m and this is the figure we have used for planning purposes. We have also assumed that the Public Health Grant will be ring fenced in 2013/14.

Public Health Budget Planning

6. Detailed work has been undertaken within Public Health, in conjunction with Nottinghamshire County Council's (NCC) Procurement and Legal team to establish current budgetary commitments and contractual obligations.
7. There is also a Public Health Contract Transition team which has been established to oversee the transfer of contracts to Nottinghamshire County Council in April 2013. A Steering Group has been established with procurement and contract membership from the NHS and from both City and County Councils. This team is led by the Associate Director of Public Health with the NCC Procurement Team Manager and reports to the Public Health and NCC senior and corporate management teams.
8. The Director of Public Health held a Confirm and Challenge Session on the 8th October at which each Public Health Consultant put forward proposals for their lead policy areas outlining their future commissioning intentions, budget required and desired outcomes. **Appendix Two** summarises the requested budget by policy area and identifies how much of the budget is pre-committed and how much was additionally requested recurrently and non-recurrently. Appendix Two highlights that the total recurrent funding requested exceeds the indicative grant figure by approximately £2.9m.

Budget Proposal

9. The budget required to meet our present contractual commitments is £29.9m. This would give us a break even position, which would be our preferred approach for a safe and effective transfer during 2013/14.
10. In addition to the Public Health Grant the Public Health Directorate will have access to some non recurrent monies which will be held in a Council reserve. Currently this is estimated at £1.5m. A financial plan is currently being developed against this reserve along with some general principles for what and how it should be accessed e.g. transition implementation and set up costs, cost pressures and financial risks.
11. There are some financial risks – some which are currently excluded from the latest baseline working exercise. These include GP prescribing costs associated with Public Health services which are commissioned from Primary Care Contractors and some areas where there may be an issue with how the budget/plan is set, for example, NHS Contract over performance. Work is ongoing to calculate and score each risk and put mitigation plans in place where appropriate.
12. The **preferred option 1** is to fund all current pre-commitments only and use the non recurrent monies to meet in year cost pressures and financial risks.

Other Options Considered

13. Dependent on the final Public Health grant allocation, the following other options will be explored in order to maintain a break even position regarding 2013/14 budgets:
 - **Option 2** – Set each policy area a budget based on the current pre-committed value £29.9m and develop a £600k cost improvement programme across the Public Health function (which equates to a reduction in current commitments of approximately 2%). The £600k could be used to establish a risk reserve and an innovation fund to which the PH team could access or bid for within agreed financial governance arrangements.
 - **Option 3** – Top slice 10% from each policy area to keep the efficiency targets the same across the directorate. This would release approximately £2.9m which would fund a risk reserve and also create a development fund to which the PH team could access via submission of a business case, which would be assessed by pre-defined criterion.
 - **Option 4** – Top slice 5% from specific PH functions which would release £1.5m which would fund a risk reserve and create a development fund to which the PH team could access via submission of a business case, which would be assessed by pre-defined criterion. The £1.5m could be used to fund services part year effect in 2013/14 whilst notice is being served on some existing services.

14. Further assessment and prioritisation will be undertaken as required once the Public Health allocation for 2013/14 is known. This will form a follow up report to the Health & Wellbeing Board in March 2013.

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, 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.

RECOMMENDATION/S

The Health & Wellbeing Board are asked to:

- 1) Note the 2012/13 Public Health Budgets in place and the services that the budget is used to commission, to address the health needs across Nottinghamshire County.
- 2) Receive information on the planning work undertaken to date
- 3) note the preferred option to setting budgets for 2013/14, which is **Option 1** – Fund all current pre-commitments only and use the non-recurrent monies to meet in year cost pressures and financial risks.

DR CHRIS KENNY
Director of Public Health

For any enquiries about this report please contact:
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Constitutional Comments (SG 21/12/2012)

16. The Board is the appropriate body to consider the issues set out in this report.

Financial Comments (NDR 07/01/2013)

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

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All.

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