Agenda Item: 6

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	25 March 2013
Title:	Public Health Budget 2013/14
Reference:	4746
Report From:	Director of Corporate Resources – Corporate Services & Director of Public Health

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1. Executive Summary

1.1. The purpose of this report is to approve the proposed approach for allocating the ring-fenced Government grant for Public Health in 2013/14.

1.2. The Health and Social Care Act 2012 transfers substantial health improvement duties to upper tier and unitary authorities from 1 April 2013. In order to improve outcomes for the health and wellbeing of their local populations, local authorities will receive a ring-fenced public health grant. The size of the grant has been set taking account of estimates of current baseline spending within Primary Care Trusts (PCT) and a fair shares formula. Hampshire County Council's grant for 2013/14 is £36.753 million and for 2014/15 it is £40.428 million.

2. Contextual information

2.1. The public health grant is being provided to give local authorities the funding needed to discharge their new public health responsibilities. The Government intends the grant to be used to:

- Improve significantly the health and wellbeing of local populations;
- Carry out health protection functions delegated from the Secretary of State;
- Reduce health inequalities across the life course, including within hard to reach groups;
- Ensure the provision of population healthcare advice.

2.2. In allocating the grant, the County Council will need to take account of:

- Mandatory functions – the Health and Social Care Act 2012 provides for regulations that will allow the Secretary of State to prescribe that certain

services should be commissioned or provided by local authorities, and certain steps taken;

- the Joint Strategic Needs Assessment (JSNA) – an evidenced based assessment of the current and future health and social care needs of the local community undertaken for the shadow Health and Wellbeing Board;
- the Public Health Outcomes Framework – published by the department of health providing the Government's overarching vision for improving the public's health along with the key outcomes and proposed indicators to measure progress.

2.3. A key principle of the Health and Social Care Act 2012 and the transfer of public health is integrated working between all tiers of local government, NHS bodies and other partners such as voluntary organisations, police and community safety partnerships. This provides a broad range of opportunities to target the grant funding to achieve improved public health outcomes through existing and new programmes in addition to those being transferred from the PCT on the basis of integrating and pooling funding sources and targeting investment through a clear evidence base.

2.4. A comprehensive transition programme has been in place throughout the last year, overseeing the safe and effective transfer of both the staff and contracts required to meet the Council's new responsibilities. National Transfer Schemes, signed by the Secretary of State for Health, have been drafted to take effect from 1 April 2013 with the intention of automatically transferring the relevant staff and contracts to the County Council on a statutory basis.

2.5. Until very recently, it was expected that the transfer scheme for Public Health contracts would include all of the relevant contracts for public health services. In the last month, the Department of Health has decided that some of the more complex clinical contracts with Foundation Trusts should not be included on the transfer scheme. This means that they will not automatically transfer to the County Council. Instead, the contracts are currently being re-commissioned by the five Clinical Commissioning Groups (CCGs) in Hampshire to take effect from 1 April 2013. In order to ensure that the relevant public health services included within those contracts continue after 31 March 2013, the County Council will need to be a signatory to the new contracts.

2.6. Given the exceptional circumstances and limited time frame, it is recommended that authority be delegated to the Chief Executive, in consultation with the Leader, to make the relevant arrangements to procure new contracts or suitable arrangements to ensure services can continue. A further update, outlining the future commissioning and procurement arrangements for Public Health will be provided during the summer.

3. Grant funding and conditions

3.1. The County Council worked closely with colleagues from the PCT to agree the baseline spending returns made to the Department of Health in September 2011 and July 2012. In addition, following the Department of

Health's indicative funding allocations issued in February 2012, the Chief Executive together with the Chief Executive of the Hampshire PCT wrote to the Department with concerns about the methodology used to estimate the indicative allocations. A potential funding gap for Hampshire County Council was identified of around £5.7 million.

3.2. The final grant announcement was made on 10 January 2013 providing total funding of £2.66 billion for local authorities. Even adjusting for inflation, this is a significant increase on the 2012/13 indicative figure of £2.2 billion published in February last year. Hampshire's allocation for 2013/14 is £36.753 million and for 2014/15 it is £40.428 million. The position beyond this two year settlement is unclear.

3.3. The allocation is built on the advice of the independent Advisory Committee on Resource Allocation (ACRA). ACRA's interim recommendations for a needs based formula were subject to consultation last summer to which the County Council responded positively.

3.4. ACRA recommend allocating the public health grant according to upper-tier authorities' share of the total weighted population, which is broken down into three components:

- mandatory services
- non-mandatory services – excluding drugs services
- drugs services which are currently commissioned by drug action team partnerships (DATs) and currently funded through the Pooled Treatment Budget (PTB). These drugs services are non-mandated.

3.5. Population is weighted for each of these three components according to need based on the standardised mortality ratio for those aged under 75 years (SMR<75). SMR<75 is a measure of how many more or fewer deaths there are in a local area compared with the national average, having adjusted for differences between the age profile of the local areas and the national average. A higher SMR<75 represents a higher relative number of deaths. It therefore indicates the health of the whole population, and hence the need for effective public health services.

3.6. The formula also includes age-gender adjustments and a market forces factor for unavoidable differences in the costs of delivering services due to location.

3.7. The formula calculation for Hampshire County Council for 2013/14 produces a figure of £42.8 million. However, a pace of change adjustment means that the increase from our baseline position is limited to 10% resulting in the actual allocation of £36.753 million.

3.8. The outcome of the formula does support the local view that public health funding in Hampshire has been historically low and the additional grant funding provides opportunities to further develop evidence based programmes and approaches to achieve improved public health outcomes which are integrated across public sector organisations.

3.9. The grant is ring-fenced and so can only be used to discharge the County Council's new public health responsibilities. Reporting on spend from the

grant will be incorporated into existing quarterly and annual reporting on all County Council spending to the Department for Communities and Local Government (DCLG). In addition, the Chief Executive will need to provide an annual confirmation to the Department for Health that the grant has been used in accordance with the conditions.

3.10. The Government's expectation is that funds will be utilised in-year, but if at the end of the financial year there is any under spend 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. However, where there are repeatedly large under spends the Department will consider whether allocations should be reduced in future years.

4. Baseline spending

4.1. The baseline spending on those public health functions transferring to the County Council was first determined in September 2011 using the outturn position for the financial year 2010/11. This analysis was updated last summer using the 2012/13 budget. Since then, as part of the transitional planning and review of priorities, a detailed analysis of current services, related contracts and outcomes has identified those that can be ceased, those that need to continue at least in the short term without any variation and those that are recommended to continue but with variations to be negotiated as part of the normal contract performance management arrangements. The resulting position is a baseline spending figure of £29.6 million.

4.2. Within this, £1.9 million is required as a staffing budget for the 28 staff (23.8 full time equivalent) who transfer to the County Council under their existing terms and conditions. There are currently two posts, including one half time post at consultant level, that have been held vacant pending the grant announcement and consideration of budget proposals. Recruiting to these posts can now be considered as part of a review of priorities to achieve improved public health outcomes.

4.3. No back office support staff transfer from the PCT to the County Council and so additional support, covering the whole range of professional services including procurement, legal, contract management, communications, finance, information technology and human resources services need to be sourced by the County Council and included within the public health budget funded by the government grant.

4.4. A commissioning budget of £26.9 million is required to meet existing contracts that will transfer to the County Council from 1 April 2013. Of this, £13 million relates to contracts with terms that cannot be varied without giving notice of typically one year. The balance of £13.9 million covers contracts which have a variable element and thus offer scope during 2013/14 to re-prioritise grant funding if required, although, as previously highlighted in paragraph 3.8, overall funding historically has been historically low.

4.5. The balance of baseline spending of £0.9 million relates to other programmes that are commissioned as required. The breakdown of baseline spending is given in Appendix 1.

4.6. The baseline figure of £29.6 million results in unallocated ring-fenced grant of £7.1 million. Work is underway to develop evidence based proposals which aim to consolidate public health expenditure across the County Council. For example, there are opportunities to further exploit links with the NHS to improve wider health outcomes to reduce social care costs. There are also close connections between public health and Adults and Children's social care objectives, through, for example, the early intervention and troubled families programmes and links to the Children and Young People's Plan and the forthcoming Health and Wellbeing Strategy. Wider, preventative measures including recreational activity provide links to other County Council services. The local authority public health responsibility also links to and includes those functions delivered by, particularly housing, environmental health and planning.

5. High priority targeted expenditure

5.1. Currently, nearly half of spending is connected to the mandated services as set out in Appendix 2, with nearly £10 million spent on sexual health services. This has a clear link to County Council work to reduce teenage conceptions and transfer of public health responsibility and funding provides opportunity to make further improvement in this area.

5.2. Another mandated service is the NHS health check programme that aims to help prevent heart disease, stroke, diabetes and kidney disease and assist in dementia prevention. Everyone between the ages of 40 and 74, who has not already been diagnosed with one of these conditions, will be invited (once every five years) to have a check to assess their risk of heart disease, stroke, kidney disease and diabetes as well as risk of problems from alcohol and dementia and will be given advice, access to medical and behavioural interventions and appropriate medication to help them reduce or manage that risk. The Hampshire programme commenced in 2010 with phased introduction with full roll out by 2013. Invitation of 20% of the eligible programme each year amounts to about 85,000 invitations.

5.3. However, in Hampshire, because of concerns about the effectiveness of the programme linked to the way it was being delivered, roll out has been delayed. Consequently, the current level of spending within the baseline budget significantly understates the full cost of implementing the full programme. The delivery method has been reviewed during 2012-13 and has confirmed that the model being used in Hampshire is most cost effective given the nature of our population across urban and rural locations. On the basis of this, full roll out is estimated at £1.3 million per year.

5.4. The Hampshire Drug and Alcohol Action Team (DAAT) has always worked in partnership with NHS commissioners including public health and also with other partners. The annual budget is close to £10 million and includes funding from the County Council budget and its significant national source of

funding is now channelled through the public health grant. Based on historical funding levels and current contractual commitments and commissioning plans for the DAAT, just over £9 million of public health grant has been included in the baseline estimate. However, this simpler streamlined funding source removes part of the uncertainty about year on year funding, and, together with the transfer of the public health leadership team, there is the opportunity for even closer working and review of activity and delivery methods to achieve improved outcomes.

5.5. The national Child measurement programme is a mandated function, delivered by school nursing. However children's public health from age 5 to 18 is a non-mandated function as is childhood obesity while the responsibility for children's public health for those under the age of 5 years sits with the NHS Commissioning Board.

5.6. Mr Duncan Selbie, Chief Executive of Public Health England is strongly encouraging those taking on responsibility for Public Health to embrace the new leadership responsibilities, to look to integrate expenditure on Public Health across the Local Authority and indeed across the Public Sector in order to avoid Public Health being treated as an isolated silo. In particular he strongly emphasises the need to challenge all current expenditure programmes and any future plans on an evidence based approach in order to ensure that expenditure is achieving the intended outcomes and reducing health inequalities. His view is that Public Health will be best placed to provide the evidence base in order to achieve maximum value from expenditure programmes.

5.7. In order to achieve an holistic approach to this review, The Director of Public Health will lead, supported by the Directors of Adults, Children's, Policy & Governance and Corporate Resources working with Health & Wellbeing partners, in particular CCG colleagues. The areas which are predicted to be a particular focus are:-

- Alcohol and substance misuse focused through the DAAT
- Health Checks with a particular focus on the benefits of early prevention for long term conditions in our ageing population
- Access to the breadth of school nursing across all schools, especially special schools
- Addressing the obesity epidemic
- Reducing inequalities in outcomes for children of all ages with a focus on the importance of early years prior to school entry

5.8 Alongside the review there is also a requirement to update the County Council's performance framework in order to take account of the new responsibilities for Public Health. This will involve an understanding and assessment of the current performance regimes in place which relate to Public Health in order to assess and capture those which will be most relevant for the future.

6. Conclusion

6.1. The public health grant announcement is good news for Hampshire. The close working between the County Council and Hampshire PCT has enabled the development of a sound financial planning approach to propose a baseline budget of £29.6 million for the coming year. This allows time and capacity to focus attention over the early part of the current year on developing evidence based recommendations taking into account the Health and Wellbeing strategy priorities regarding the overall proposed programme for the short to medium term.

6.2. Further work is therefore in progress to make proposals in 2013/14 that are evidence based and that seize the opportunity to link in with related programmes across County Council services. These proposals will also have in mind the medium term position and the anticipated increase in funding through the public health grant formula. The proposals will be reported to Cabinet in the first part of 2013/14.

7. Recommendations

7.1. That Cabinet approve the baseline spending plan of £29.6 million as set out in Appendix 1 subject to any minor changes resulting from the final transfer arrangements.

7.2. That Cabinet receives a further report during the first part of 2013/14 regarding evidence based proposals for Public Health expenditure over the short to medium term.

7.3. That the Chief Executive, in consultation with the Leader of the Council, be authorised to make the necessary arrangements to procure new contracts to ensure that public health services can continue.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document	Location
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. An intrinsic element of public health outcomes is to reduce health inequality and programmes are designed and delivered to meet relevant needs appropriately. Fuller assessments are being carried out as part of the evidence based review of further budget proposals.

2. Impact on Crime and Disorder:

2.1. There are close links between some public health outcomes and impact on crime and disorder, for example the work of the Drug and Alcohol Action Team. A more detailed assessment will be carried out as part of the evidenced based review of further budget proposals.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

Minimal impact is anticipated

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Minimal impact is anticipated

Public Health baseline budget for 2013/14

	Staffing £'000	Contracts - fixed £'000	Contracts - variable £'000	Other £'000	**Total £'000**
Public Health Leadership	1,183	-	2	268	**1,453**
Information and Intelligence functions	138	-	-	43	**181**
Nutrition, Obesity and Physical activity	99	35	570	55	**759**
Drug and Alcohol Misuse	36	9,131	-	160	**9,327**
Tobacco	61	-	2,839	24	**2,924**
Dental Public Health	-	294	-	-	**294**
Children 5-19	164	3,521	-	45	**3,730**
NHS Health Check Programme	47	-	839	1	**887**
Misc health improvement and wellbeing	-	-	-	94	**94**
Sexual Health	117	-	9,655	162	**9,934**
Emergency Prepardness and responsiveness	47	-	-	2	**49**
Health Protection	-	-	-	-	**-**
Total	**1,892**	**12,981**	**13,905**	**854**	**29,632**

Notes
1. Contracts with both fixed and variable elements are included within variable contracts
2. Many variable contracts are demand led

List of mandatory/non mandatory services:

The County Council must provide:

- comprehensive and accessible sexual health services (including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention), except abortion services and treatment for HIV.
- putting in place steps to protect the health of the population, including emergency planning and the health care acquired infections and immunisations
- ensuring NHS commissioners receive the public health advice they need (known as the 'core offer')
- delivering the National Child Measurement Programme
- the NHS Health Check programme which offers a free health assessment to adults between the age of 74 and 40.

Commissioning or delivering other services:

The County Council has some discretion to commission and/or deliver (according to local need) a range of other public health and health improvement services, including but not limited to:

- tobacco control and smoking cessation services
- alcohol and drug misuse services
- public health services for children and young people aged 5-19 (including Healthy Child Programme 5-19)
- interventions to tackle obesity such as community lifestyle and weight management services
- locally-led nutrition initiatives
- increasing levels of physical activity in the local population
- mental health services
- dental services
- population level interventions to reduce and prevent birth defects
- behavioural and lifestyle campaigns to prevent cancer and long-term conditions
- Local initiatives on workplace health
- supporting, reviewing and challenging delivery of key public health funded and NHS delivered services such as immunisation and screening programmes
- reducing excess deaths as a result of seasonal mortality
- promoting community safety and the prevention of violence
- tackling social exclusion
- reducing public health impacts of environmental risks.