

**BOROUGH OF TELFORD & WREKIN**

**CABINET – 20 SEPTEMBER 2012**

**PUBLIC HEALTH TRANSITION ARRANGEMENTS**

**REPORT OF THE ASSISTANT DIRECTOR – SOCIAL CARE SPECIALIST**

**LEAD CABINET MEMBER – CLLR RICHARD OVERTON**

**1. SUMMARY**

1.1 The report updates members on the implications of transferring public health functions and lack of clarity on funding levels for the first year - 2013/14.

1.2 Commissioned activity under contract to the PCT makes up the largest proportion of current spend. Current contracts are due to expire on the 31 March 2013 so we are currently in a position where we have to plan for the continuation of some key services upon transfer to the Council.

1.3 This gives the Council some flexibility about deciding which services to continue with but there is much work to be done to put in place arrangements to secure the procurement of activities that will meet these new responsibilities.

1.4 The report sets out the suggested approach and seeks approval to delegate responsibility for letting the contracts to Officers in consultation with the Lead Member.

**2. RECOMMENDATIONS**

- 2.1 **Members note the uncertain situation, the tight timescales and support the prudent approach being recommended towards the award of future public health contracts**
- 2.2 **Members approve delegation of responsibility to the Director of Adult & Community Services, in consultation with the Director of Public Health, and Cabinet Lead/Shadow Health and Wellbeing Board Chair to: progress the consideration of future commissioned services, the award of relevant contracts for those public health services within the finances available once the Public Health ring fenced grant is announced and enter into any appropriate documentation to enable and give effect to the transfer of public health functions to the Council.**

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Improve the health and wellbeing of our communities and address health inequalities
	Will the proposals impact on specific groups of people?	
	Yes	Will impact on all of our community but in particular people living in in more deprived communities with higher levels of poor health
<b>DELIVERY DATE</b>	2012-2015	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	<p>The financial implications of public health transition are detailed in the body of the report. Key factors to note include:-</p> <ul style="list-style-type: none"> <li>• When public health functions transfer to the council on 1<sup>st</sup> April 2013 they will be funded by a new ring-fenced grant that can only be used to support public health activities.</li> <li>• The recent consultation on a proposed distribution method for the new grant (see Appendix 1 for a copy of the response) indicates that the Council may only receive £7.25m grant against current spend by the PCT of £10.4m. However, it is likely that transitional arrangements will be put in place by the DoH that would limit the “pace of change” to a new settlement or that the actual allocation may be higher than that indicated in the consultation document.</li> </ul> <p>We will not know the actual grant allocation until very late in the calendar year and it is therefore essential that a cautious approach, as set out in the report, is taken to entering in to commitments until the level of funding is confirmed.</p>

<b>LEGAL ISSUES</b>	Yes	It is a statutory requirement that certain public health functions transfer from the PCT to this authority in April next year. Of principal concern at the moment is the establishment of the legal position vis a vis existing contractual arrangements for the commissioning of public health services and to what extent and how existing responsibilities are transferred or procured by this authority. We are currently asking the PCT to provide us with due diligence to enable us to ascertain the extent of these arrangements (and the risks/ liabilities) and we are still awaiting guidance that will support the transfer process from central Government. Furthermore, more work is required on the employment side regarding TUPE transfer of certain NHS staff, ICT systems and the broader governance issues regarding decision-making and delegations A key risk is the short timescale in which this work is to be completed
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	Any other risks and opportunities will be appropriately managed and reported if necessary.
<b>IMPACT ON SPECIFIC WARDS</b>	No	<i>Borough-wide impact.</i>

#### **4.0 INFORMATION**

4.1 Cabinet received a report on the 29 March 2012 updating them on transfer of public health responsibilities to local authorities with effect from April 2013 (as set out in the Health and Social Care Act 2012 which received royal assent on the 27 March). The report set out the transferring functions and commissioning responsibilities, the role of the Director of Public Health (DPH) and the transitional arrangements being put in place.

4.2 The report highlighted the work that was being progressed at a national and local level to identify the current public health budgets, the likely level of ring-fenced grant funding the council would receive and the current local spend on public health. Even then there were concerns about the timelines for confirmation of the grant income (November 2012) as this, it was felt gives us insufficient time to adequately plan for transfer. Since then however, officers have been working closely with colleagues in the PCT to plan the transfer of staff and commissioned services.

4.3 In July the Department of Health published *Healthy Lives, Healthy People: Update on Public Health Funding*, for consultation. This document sets out current thinking on local authority public health finance. In particular:

- the next steps on moving from estimates of baseline spend published in February

- to actual allocations for 2013-14;
- conditions on the ring-fence grant; and
- the health premium incentive (the element of non-mandated expenditure that is dependent upon the local authority making progress against certain public health indicators).

Officers have responded to the consultation and a copy is attached as Appendix 1.

4.4 In respect of the exact sums that each local authority will receive there is still uncertainty. Government has said, “We estimated that in 2012-13 around £5.2bn will be spent on the future responsibilities of the public health system, including £2.2bn on services that will be the responsibility of local authorities. To support planning, we have committed that the amount allocated to local authorities for 2013-14 will not fall below these estimates in real terms, other than in exceptional circumstances”. These funding assumptions were based on PCT returns for spend in 2010/11

4.5 However this leaves Telford & Wrekin Council (T&W) in a difficult position in planning for the potential transition of approximately £10.4m of public health related activities currently delivered or commissioned by either NHS T&W’s Public Health unit or Joint Commissioning (in respect of Sexual Health and Drugs and Alcohol responsibilities that also pass to local authorities). Applying T&W’s indicative percentage of a national share of £2.2bn would suggest an indicative figure of around £7.25m for the Council, a potential shortfall of over £3m.

4.6 Some colleagues in the NHS suggest the gap will not be so great, particularly once there is a recalculation based on the 11/12 NHS spend and that our grant allocation is likely to be nearer £10m. However, we will not know the exact figure until much later in the Autumn when it will potentially be too late to actively consult as part of the budget process. Whilst this may be of some reassurance, we will have to have plans in place that can accommodate the worst case scenario, with particular reference to the main areas of current spend which can be broken down approximately as follows:

<b>Area of Spend</b>	<b>Amount of Spend - £</b>
Activity commissioned with NHS providers or GP Practices	£5.2m
Activity commissioned with the Council	£1.2m
Activities commissioned with other providers	£1.1m
<b>Total commissioned services</b>	<b>£7.5m</b>
Public Health Unit and Joint Commissioning Staff	£1m
Other	£1.9m
<b>Total Spend</b>	<b>£10.4m</b>

4.7 The biggest proportion of spend is on commissioned services, with all the contracts between T&W PCT and the providers expiring on the 31 March 2013. As all contracts are due to expire on transfer our current understanding is that the contracts will not be transferred from the PCT to the Council . Whilst this potentially gives the local authority some flexibility that could help resolve any funding shortfall it also creates significant problems, in particular how to complete a procurement process in the available time, relating to nearly 100 activities currently delivered by 20 different providers. There are added problems associated with giving providers 6 months notice of any significant potential changes (particularly where staff are employed), which means that communications with providers will need to commence as soon as possible. Such communications would need to include an indication of:

- Services that are to be transferred to a new contractual framework with the local authority
- Services that may continue subject to funds being available
- Services that we require to be delivered for a defined period giving notice that a tender process will then be undertaken
- Services that will be decommissioned.

4.8 Council officers working with Public Health colleagues are exploring our best procurement options within these timescales, keeping risk of legal challenge to a minimum. At the same time we are awaiting further national guidance on how public health related contracts can be transferred to the Council which hopefully will inform this work.

4.9 Commissioners have already evaluated each existing contract let by the PCT against criteria which will give us an open and fair framework to use to make decisions about the future of each existing contract. The criteria includes factors such as mandated and non-mandated public health services, performance against contract and value for money.

4.10 This initial analysis suggests that:

- Contracts to the value of £112,503 should be ended on 31 March and the activities not continued
- Contracts to the value of £770,311 should be de-commissioned (more work needs to be done to establish whether any of the services in this group need to be recommissioned)

4.11 Further work is also being done across the remaining commissioned services to the value of £6.5m, to determine, the length of period the Council should offer contracts to existing providers. Subject to available funding commissioners favour an approach based on spreading contract awards across a number of different time scales (suggested 6 or 12 or 18 or 24 months maximum) with notification of a tender process which can be phased depending on the length of award, thus making the process manageable within the available procurement workforce.

4.12 Public Health Commissioners value the opportunity to test the market that the transfer of responsibility provides but also acknowledge that the Council may be best placed to deliver some services directly in due course.

4.13 On this basis it is recommended that Members approve delegation of responsibility to the Director of Adult & Community Services, in consultation with the Director of Public Health and Cabinet Lead/Shadow Health and Wellbeing Board Chair to progress the consideration of future commissioned services and the award of relevant contracts for those public health services within the finances available once the Public Health ring fenced grant is announced.

4.13 Whilst this process in itself will be challenging, members should be aware that the Government has indicated that over time it plans to realign allocation of public health funding on a formula basis that could mean that the Council's grant will be reduced. A prudent approach is therefore all the more advisable.

## **5. PREVIOUS MINUTES**

5.1 Cabinet Report – 22.12.2011 – NHS Transformation and Implications for the Council

5.2 Health & Wellbeing Board Report - 22 February 2012 – Public Health Update

5.3 Cabinet Report – 29.3.2012 – Public Health Update

5.4 Health and Wellbeing Board – 13.6.2012 - Development of the Public Health Vision and building the team in Telford and Wrekin

## **6. BACKGROUND PAPERS**

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