

**Supplement 1 to the agenda for**

# **Audit and Governance Committee**

**Monday 30 January 2023**

**10.15 am**

**Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE**

	<b>Pages</b>
<b>7. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY</b>	<b>3 - 8</b>
Further to the key findings identified in relation to the 'Public Health Grant Process: Final Report - November 2022' (page 30 of the main agenda pack, <a href="#">link</a> ), the Director of Public Health has provided the attached document to update the committee on progress with the identified actions.	



**Public Health Grant Process Audit - Details of findings / agreed actions**

Finding No.	Details	Priority Rating	Responsible Officer / Deadline	Management Response	Progress as Reported by Management
1.	<p>The Council's Health &amp; Wellbeing Strategy was last published in 2017. As a result, the aims, objectives, and performance against these are out of date, and may not reflect the most recent strategic aims and objective. In addition, the Council may find it difficult to monitor performance against key targets or objectives.</p> <p>The County's Plan and Market Statement had been revised and covered the period 2020-2024 which has been the main driver for public health across the county alongside supporting the NHS with the delivery of the NHS Long Term Plan. It is apparent that the existing Health &amp; Wellbeing Strategy has not driven effective change across the local system</p> <p>The finding has been acknowledged by the Director of Public Health, who confirmed a new Strategy is being drafted.</p>	2	Director of Public Health 31 <sup>st</sup> March 2023	The Director of Public Health is currently leading on the development of a new Health and Wellbeing Strategy. It is anticipated that this will be finalised and published in Spring 2023.	A public consultation on the priorities for the new health and wellbeing strategy has been completed. The findings from this will go to the Health and Wellbeing Board on the 23 <sup>rd</sup> January for consideration. It is anticipated that the new strategy will be finalised in April 2023
2.	<p>Each Public Health initiative or scheme falls within a Service area which has a budget holder/budget manager. However, the monitoring process for use of Public Health Funds and any re-badged or Reserve Funding re-invested is not formalised.</p> <p>Further discussions with key staff involved in the review confirmed that any re-badged or re-invested funding has been seen as more of an accounting adjustment historically and has not been undertaken in conjunction with the relevant Director. In addition, open dialogue with how this funding is utilised does not normally take place unless initiated by Finance.</p> <p>This may result in uncertainty of roles &amp; responsibilities, inconsistencies in processes applied and a lack of management oversight as to how funds and reserves funds are being utilised and compliance with grant conditions.</p>	2	Director of Public Health 31 <sup>st</sup> March 2023	<p>The Director of Public Health is looking to establish processes which allow budget holders to formally document their oversight and monitoring of the Public Health Grant Funding allocation extending to any further investment or Reserves monies received.</p> <p>The new processes will include circulation of Funding Terms &amp; Conditions and a requirement for Services to link initiatives to financial budgets and demonstrate compliance with the funding terms &amp; conditions.</p>	A draft MOU has been developed that will be completed by those service areas in receipt of public health funding. This will be reviewed annually and identify how funding meets public health outcomes and population health needs outlined in the Joint Strategic Needs Assessment (JSNA). Initial conversations are underway with services in receipt of public health funding to clarify funding arrangements and public health outcomes being delivered.

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3.	<p>Whilst it is acknowledged that the Council has a Health and Wellbeing Board for which the Director of Public Health attends as one of the lead officers and member, there is no formal reporting mechanism or process, such as an internal Public Health Board in place to discuss and scrutinise how Service Directors are spending the grant monies received.</p> <p>The absence of any formal reporting processes and mechanism has resulted in:-</p> <ul style="list-style-type: none"> <li>➤ no evidence and narrative produced to evidence how Public Health re-badged monies across the Council complies with the Funding Terms &amp; Conditions. It is acknowledged that some of the re-badged funding activities and outcomes are mandatory.</li> <li>➤ no KPIs having been set up for those Public Health activities delivered internally by other Services and for re-badged monies that have been re-allocated from reserves. (Key Performance Indicators (KPIs) are only attached to the Public Health commissioned contracts that are managed by the Public Health Service.)</li> <li>➤ the performance of each of the commissioned/contracted services not being summarised and reported on through a dashboard over recent times. This has occurred due to the Covid 19 pandemic and the standing down of many national data set requirements. While some performance monitoring and data collection has continued, this has not been reported.</li> </ul> <p>The current arrangements may result in missed opportunities for Management to proactively manage, monitor, scrutinise and challenge the delivery of the Public Health budget. Further discussions with the Director of Public Health confirmed that a Public Health Board could</p>	2	Director of Public Health / S151 Officer 31st March 2023	The Director of Public Health confirmed that he is looking into how rebadged money is being utilised across the Council and Service areas.	<p>As per finding No 2, an MOU is being developed to ensure the Director of Public Health has oversight on how the grant is being utilised across the council.</p> <p>Consideration is currently being given to whether a 'Public Health Board' is established or if existing forum could be utilised. A decision has yet to be made around this.</p> <p>A new Power BI dashboard is currently being developed for public health and it is anticipated that this will include KPI's for those service areas in receipt of the public health grant</p>

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	<p>be considered in the future. Initial discussions have taken place regarding such arrangements, and other considerations are being explored.</p> <p>The move of Public Health to the existing Communities and Wellbeing Directorate provides a further opportunity to utilise existing meetings to provide oversight of how the grant is spend, although the grant is not confined to this directorate.</p>				
4	<p>Although there are robust contract management and performance monitoring arrangements for those Public Health Services commissioned and contracted out, there is no oversight from Public Health or any other Services for several Services that are delivered and managed internally.</p> <p>As a result, it is not clear whether the funding and any re-badged or re-invested Funding is spent on Public Health linked schemes and eligible outcomes. In addition, the Council may be unable to demonstrate to Office for Health Improvement and Disparities (OHID) that the use of funding is compliant with the terms and conditions of the grant.</p> <p>A clear and concise written agreement between the Public Health Directorate and individual Service teams would be of benefit to ensure that these arrangements are formalised.</p>	2	Director of Public Health 31 <sup>st</sup> March 2023	<p>The Director of Public Health has confirmed that some initial work has been carried out to draft a memorandum of understanding / an informal Service Level Agreement regarding the Public Health Service and all those who are in receipt of Public Health Funding.</p> <p>This process will help ensure that funding from the Public Health Grant is spent in accordance with the conditions set out in the grant by the Department of Health and Social Care. It will be also used as assurance purposes for the Director of Public Health and our annual returns to Office for Health Improvement and Disparities (OHID).</p>	This links to recommendations 2 and 3

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5.	<p>The review confirmed that the total of the Public Health Reserves as of 31<sup>st</sup> March 2022 was Cumulatively £2.41M, dating back to 2012/13. The previous Director of Public Health had initially nominated values of the Reserves plan to projects, but this was not progressed.</p> <p>Therefore, historic reserve funds had not been sufficiently profiled and utilised to maximise the delivery of Public Health initiatives.</p> <p>It is acknowledged that Covid-19 significantly impacted the value, profiling, and utilisation of historic reserves. During this period, corporate Public Health activities and other front-line services had been diverted due to the pandemic, and therefore, 'business as usual' activities were temporarily halted at all levels. This also extended to partner agency and other stakeholders, such as GP practices and Children Centres, which were closed because of the pandemic.</p>	2	Director of Public Health <b>Completed</b>	<p>Since audit testing was undertaken, considerable progress has been made to profile and further utilise the reserves. The Director of Public Health has confirmed that significant reserves have now been allocated against nominated schemes and initiatives which were approved by Cabinet in Sept 2022. Outcomes and the success of these re-investments will need to be monitored and public involved in the detail on how the funds are spent.</p>	The Director of Public Health and the public health team are working closely with those service areas in receipt of public health reserves. This includes working to ensure public health data shapes how those initiatives are delivered and evaluated against public health outcomes.
6.	<p>Whilst it is acknowledged that the Public Health Grant Funding Grant Terms and Conditions provide details on the requirements and guidance on the reporting/governance arrangements, there is no formal reference to, or specific deadlines set for Local Authorities to submit the Year-End Statement of Assurance which requires the Chief Executive Officer / Section 151 Officer and the Director of Public Health's sign-off.</p> <p>In the absence of any formal reporting deadlines set by the relevant Governing Body, the Council may wish to consider establishing and setting their own internal reporting deadlines to submit this information. This will help ensure roles, responsibilities and timescales are defined and adhered to. This also promotes good working practices across different Service areas.</p>	3	S151 Officer / Senior Finance Business Partner 31 <sup>st</sup> March 2023	The Council will consider internal reporting deadline for all Public Health Grant sign-off documentation.	The suggested internal reporting deadlines will link in with the Council's Corporate financial reporting deadlines i.e. an interim statement once the internal final accounts have been completed at the end of May, followed by a final submission once the final accounts have been audited – end of September.
7.	There was no evidence provided of Service Plans documenting and demonstrating how re-badged or re-invested reserve funding is being used to meet Public	3	Director of Public Health	The respective Heads of Service in receipt of public health grant funding to ensure the relevant	This action has yet to be progressed. It is anticipated that as part of the development of the MOU with

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	<p>Health outcomes or is compliant with the grant terms &amp; conditions.</p> <p>Where appropriate, the Council should consider ensuring Service Plans document and demonstrate how re-badged monies are being used. This will help ensure compliance with the grant terms &amp; conditions.</p>		31 <sup>st</sup> July 2023	information is captured within Service Plans.	service areas in receipt in of the public health grant, areas will stipulate in their service plan
8.	<p>The allocation of Public Health Grant investment fund (the allocation of the Public Health Ring Fenced Funding to other Council Services) has historically been a Finance process rather than being driven by the Public Health Team. The allocation of any reserves has been 'an accounting adjustment' rather than an informed decision-making process.</p> <p>Consideration should be given to identifying the Services that will be in receipt of PHG investment monies at the beginning of each financial year and/or at the earliest convenient opportunity.</p>	3	S151 Officer 31 <sup>st</sup> March 2023	It was agreed that consultation would take place between the Director of Public Health and the other Directors across the Council, to establish better systems for allocating and monitoring spend on services that meet Public Health outcomes and the Grant Terms & Conditions.	The reference in this recommendation to the allocation of Public Health Ring Fenced Funding to other Council Services links to recommendation 7 above. The reference in this recommendation to the allocation of reserves is the subject of current discussions between the Director of Public Health, Corporate Finance and Management Accounts. The allocation of reserves is reviewed regularly during the monthly finance meetings that take place between Management Accounts and the Director of Public Health.
9.	<p>The current Public Health Team structure dated June 2022 does not contain a dedicated Business Manager. The absence of a Business Manager makes it difficult to undertake business and sector specific tasks such as benchmarking exercises relating to the Public Health Grant Funding Spend and Performance. In addition, there are several posts that are fixed term until September 2023.</p> <p>Consequently, there may be a risk that the current structure of the Service does not lend itself to effectively monitor current or future delivery outcomes of the Public Health Grant Funding. The current structure may lead to business continuity and resilience related issues.</p> <p>Consideration could be given to including such a role when the next Service restructure is carried out or could be put forward as part of a business case.</p>	3	Director of Public Health 31 <sup>st</sup> March 2023	The Director of Public Health should consider the inclusion of a business manager as part of the next Service review	A service review is currently underway and it is anticipated that a new structure will be in place from April 2023
10	The Council's Finance Team maintains records on all streams of Public Health Funding. This extends to external grant funding which includes schemes such as the Adult	3	Director of Public Health / Senior	This links to finding 8 and the associated action.	The reference in this recommendation to the allocation of the investment monies links to recommendations 7 and 8 above.

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	<p>Weight Management and Substance Misuse, along with reserves that have cumulatively built up over several years.</p> <p>However due to historic working processes, the allocation of the investment monies is not always shared or made available across all Service areas. This may affect the oversight and monitoring arrangements of how the grant is used.</p> <p>It is acknowledged that there are good working relationships and evidence of collaboration between the Public Health Directorate and key financial officers across many public health funded areas and activities has been noted. All key officers are keen to move away from the historic ways of working where appropriate and continue working in collaboration.</p>		<p>Finance Business Partner 31<sup>st</sup> March 2023</p>	<p>A collaborative working approach is to be considered to identify the Services that will be in receipt of the Public Health Ring Fenced Funding investment monies at the beginning of each financial year and/or at the earliest convenient opportunity.</p>	