

PUBLIC HEALTH **APPENDIX F**
BUDGET CONTROL MEETING UPDATE REPORT
SEPTEMBER

MEETING DATE:

23RD OCTOBER 2013

Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within Public Health
- to highlight key risks within the department
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

1. Key Messages

- 1 There is currently a contribution from the public health grant of c£165k, plus a further £90k to commercial services, which is a commitment for the next 2 years.
- 2 This contribution or collaborative funding to other areas is the only valid use of a “redirection” of the public health grant. Savings cannot be offered up to the council bottom line under the conditions of the grant.
- 3 Our contribution to other areas which takes pressure off those budgets currently equates to 2.1% of the PH grant, which is in line with Worcester (2.2%) and Shropshire (2.0%), and for very similar purposes.
- 4 Transformational commissioning work that is planned must take place to get money out of NHS contracts in order to free it up for use across other council services to increase the percentage as much as possible, the aim being the 20% target set out for public health. The funding is not free at the moment, and any slippage in the budget currently is lined up against the NHS pressures being worked through. In addition, we can expect our grant to be reduced due to the rectification of the “egregious errors” in the NHS allocation that will most likely be sent our way through a change to the allocation in 2014-2015. We are also currently 21.4% above our per head target and there is a fair pace process is in motion nationally to amend allocations to target. Many areas are at a significant distance from target therefore we can expect money to be shifted around the system. It has also been stated this week that the council, as part of its public health responsibilities, will have to pick up the cost of a medical reviewer from October 2014 that should cost £200-400k per year- this will have to come out of the existing budget, as no further allocation for this will be made. The best case scenario with this figure at the moment is contingent on a collaborative arrangement with neighbouring authorities.
- 5 The current underspend of £262k reflects consultant and other vacancies. A consultation on a review of the establishment has been completed and the assumptions are based on all posts filled during October 2013.
- 6 There is a further risk of £0.5m in relation to cervical cytology from the NHS Area Team, in addition to the £500k CCG pressures. This is not included within the outturn above but is a material risk to achieving a balanced budget. This issue is currently being worked through the system.

1.1. Current Status – Revenue Budget by Service

Service	Budget Expend	Budget (Income)	Net Budget	August Forecast Outturn	Projected (over)/ Underspend
	£000's	£000's	£000's	£000's	£000's
Public Health Grant	0	(7,753)	(7,753)	(7,753)	0
Pay Budget	1,873	0	1,873	1,689	184
Commissioning Budget	5,522	0	5,522	5,517	5
Contingency Budget	350	0	350	277	73
Public Health Directorate	7,745	(7,753)	(8)	(270)	262

KEY POINTS

- 1 Due to the current recruitment freeze vacant posts within the structure aren't in the recruitment process. This is a risk to the delivery of the transformational commissioning strategy that will enable collaborative use of the public health grant across council services.
- 2 Commitments have been set against the contingency budget; £97k to support children's wellbeing, £138k, costs not included within transition from NHS and £41k for additional overheads.
- 3 These budgets are due for review on a bi-monthly basis therefore a robust review of any uncommitted expenditure will be completed in October for the next reporting cycle.

The net budget reflects the corporate savings target relating to 2 days additional leave. This does not apply to those TUPED over on NHS terms and conditions.

Risks

1. The £0.5k risk in relation to cervical cytology testing has been challenged with the Local Area Team and is currently working through a resolution. Regardless of in-year outcome there is an implication that this amount could be taken from the 2014/15 ring-fenced grant allocation.
2. Concerns regarding the capacity of two major services currently commissioned by public to cope with practice pressures are being addressed by intensive work with the providers. The initial analysis indicates an immediate need for circa £100k of investment to make one of the current services safe. This work has also indicated an additional £700k will need to be added to the service so that it is safe and fit for purpose going forward. This is contingent on the transformation work on child facing front line health services beginning before the end of the financial year, which will take 6 to 12 months to complete.

Opportunities

1. Work to identify opportunities to align funding in the current budget against pressures is ongoing.
2. Contingency for some service pressures was built into the new council public health budget from the beginning of the year.
3. Slippage in the recruitment process as described above offer vacancy contingency for pressures but risks delivery of use of the grant for pressures.
4. The work programme for redesign of inherited contracts and programmes for 2014-2015 is essential for being able to use the grant collaboratively across council services.