

Cabinet

24 July 2012

**Transfer of Public Health Functions to Durham
County Council**



Report of Corporate Management Team

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Purpose of Report

1. The purpose of this report is to provide an update on recent developments with regard to the transfer of public health functions from NHS County Durham and Darlington to Durham County Council by 1st April 2013.

Background

2. On 30th November 2010, the Department of Health published 'Healthy Lives, Healthy People: Our Strategy for Public Health in England'. This White Paper set out the government's long-term vision for the future of public health in England.
3. 'Healthy Lives, Healthy People: Update and Way Forward' was released on 14th July 2011 by the Department of Health. This document set out the progress which had been made in developing the government's vision for public health.
4. 'Healthy Lives, Health People: Update and Way Forward' stated that upper tier and unitary local authorities would take on their new public health responsibilities on 1st April 2013, at which point they would also take responsibility for Directors of Public Health, their functions and their staff.
5. It also advised that upper tier Local Authorities would have a role across the three domains of public health (health improvement, health protection and health services) and, in addition to improving the health of the people in their local area, have new functions through regulations to ensure that NHS commissioners are provided with public health advice.
6. A report was presented to Cabinet on 7th March 2012, which provided an update on developments related to public health reform and sought agreement on public health transition arrangements between NHS County Durham and Darlington and Durham County Council.
7. Cabinet agreed that the transfer of public health functions from NHS County Durham to Durham County Council would **not** take place until 1st April 2013, due

to the significant risks that an earlier transfer presented. This was in response to a letter from NHS North of England in December 2011, which outlined the following expectation:

- By end October 2012, the substantial majority of Primary Care Trusts with local authority agreement to have transferred public health duties to local authorities, with robust governance in place for the remainder of 2012/13
- By end December 2012, all remaining duties will be transferred.
- By end March 2013, all Primary Care Trusts must have completed the formal handover of public health responsibilities to local authorities.

National Policy Developments

8. The Health and Social Care Bill received Royal Assent on 27th March 2012 to become the Health and Social Care Act 2012. The Act puts in place a reformed public health system by giving new duties and powers to local authorities, Public Health England and the Secretary of State for Health, with effect from 1st April 2013.
9. The public health reforms will see local authorities taking the lead for improving health and coordinating local efforts to protect the public's health and wellbeing, as well as ensuring that health services effectively promote population health. Local political leadership will be central to making this work.
10. The Health and Social Care Act 2012 allows the Secretary of State to issue regulations and guidance regarding the new public health duties and powers. It is expected that regulations and guidance regarding public health will be issued in the coming months.
11. The Health and Social Care Act 2012 will strengthen arrangements for emergency preparedness, resilience and response (EPRR) and on 3rd April 2012, the Department of Health issued 'Arrangements for Health Emergency Preparedness, Resilience and Response from April 2013'.
12. The document describes the principles which will underpin EPRR and sets out the roles and functions of the Secretary of State for Health, the Department of Health, the NHS Commissioning Board (NHS CB), Public Health England (PHE), and Directors of Public Health working in local authorities. It also describes how EPRR services will be delivered at all levels, how this will align with wider multi-agency civil resilience, and the steps being taken to implement the new approach.
13. Local authorities and Directors of Public Health will be expected to collaborate with NHS CB and PHE to plan, prepare for and contribute to responses to emergency situations.
14. On 27th March 2012, the Department of Health issued a consultation document entitled 'Healthy Lives, Healthy People: Towards a Workforce Strategy for the Public Health System'.
15. The consultation document sets out a strategic vision for a workforce which will contribute to the future public health system. It signals the importance of building on current strengths within the workforce but also the need to change and develop the workforce in order to deliver in the new public health system. It highlights the new

national relationships which will be needed to support training, leadership, development and tracking of the future public health specialist workforce.

16. Following the consultation, a public health workforce strategy is anticipated in autumn 2012, with further documents related to HR expected during the course of the year.
17. Duncan Selbie was appointed as Chief Executive Designate for PHE in April 2012, to take up his post on 1st July 2012. He will be supported by an independent Chair and a board with a non-executive majority. PHE will support the development of the public health workforce, jointly appointing local authority Directors of Public Health, supporting excellence in public health practice and providing a national voice for the profession.

Regional Developments

18. On 14th March 2012, Durham County Council's Director of Adults Wellbeing and Health and the Director of Public Health County Durham met with the Regional Director of Public Health North East to discuss transition planning arrangements for County Durham. Discussions focused on the transition project plan for County Durham, proposed structures for public health within Durham County Council (DCC) and a 3-5 year vision for public health. The discussions were positive and it was agreed that good progress was being made in County Durham.
19. Following the meeting, the 'NHS County Durham and Durham County Council Public Health Transition Plan 2012/13' was agreed and submitted, as required, to the Department of Health on 5th April 2012.

Update on Public Health Funding

20. On 18th April 2012, a letter was sent to the Department of Health from Durham County Council's Chief Executive and the Director of Public Health County Durham, voicing their concerns in response to the baseline spending estimates for public health in County Durham, which were published in February 2012.
21. A response from the Department of Health to the above letter was received by Durham County Council's Chief Executive on 28th May 2012. The response stated that there were no plans to update the public health baseline expenditure, published in February 2012, through a repeat collection of data. However, additional work was being carried out on outstanding issues raised by DCC and further details would follow in due course.
22. On 11th July 2012, Cabinet Members were provided with information on 'Healthy Lives, Healthy People; Update on public health funding' published by the Department of Health, and its impact on the Medium Term Financial Plan. It was agreed that Durham County Council would provide a consultation response to the update on public health funding.
23. The document sets out the interim recommendations of the Advisory Committee on Resource Allocation (ACRA) for public health, which proposes changes to the methodology for public health allocations, which would have an impact on Durham County Council. The document sets out the proposed proportions per 100,000 population. For County Durham the proportion is 1.039% of the national total, which is

0.20% per 100,000 population. These interim recommendations can be used to calculate the proposals for future funding.

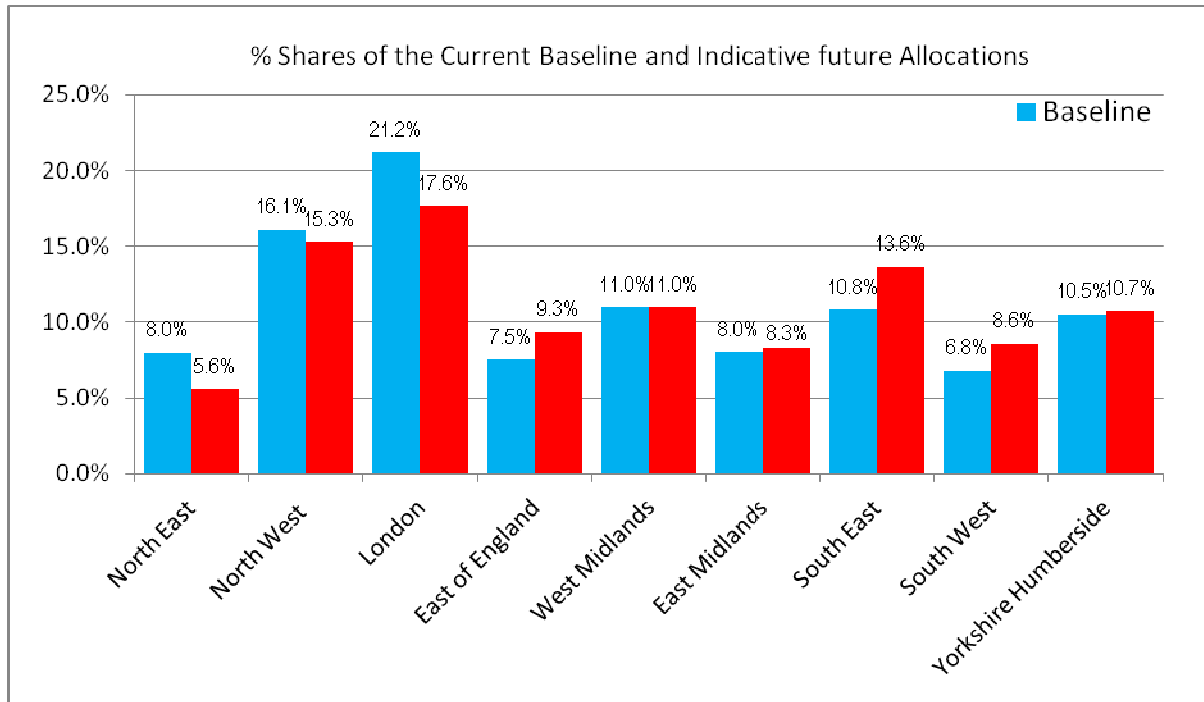
24. The document proposes that the current baseline funding allocation will be protected in real terms, so County Durham will receive an inflationary cash uplift over the period of the current Comprehensive Spending Review, which includes 2013/14 and 2014/15. County Durham's baseline figure which was published in February 2012, uplifted for 2012/13, was £42.905m (which may be adjusted further before the baseline is finalised). This was 1.93% out of a national total of £2,223,588m.
25. If the ACRA interim recommendations are implemented, then future funding would be reduced significantly to 1.039% of the national funding total. If the national funding remained at £2,223.588m, this would represent a reduction in the future funding level to £23.106m, which is £19.799m less than the current baseline funding. This is 46% less than the current share for County Durham. The Department of Health has not indicated a timeframe for the implementation of these proposals.
26. If these proposals are introduced, at a regional level, 10 of the 12 councils will have lower shares than at present, with only two having more. The following table shows that the region's current share of the baseline is £177.6m (8.0%), whereas the potential share of the target allocation would only be 5.6% – a reduction of £53.6m to £124.0m.

Table 1 – Baseline Figures and Indicative Funding Shares – North East

	2012/13 Baseline		Indicative Formula		Indicative long term Gain / Loss
	£000	% of Total	% Share	Allocation (if total is £2,223m)	£000
				£000	
Hartlepool	7,685	0.346%	0.238%	5,297	-2,388
Middlesbrough	14,872	0.669%	0.379%	8,417	-6,455
Redcar and Cleveland	10,110	0.455%	0.302%	6,717	-3,393
Stockton	11,914	0.536%	0.424%	9,426	-2,488
Darlington	6,482	0.292%	0.215%	4,773	-1,709
County Durham	42,905	1.930%	1.039%	23,106	-19,799
Northumberland	10,969	0.493%	0.541%	12,033	1,064
Gateshead	14,496	0.652%	0.443%	9,845	-4,651
Newcastle	18,213	0.819%	0.647%	14,393	-3,820
North Tyneside	8,513	0.383%	0.400%	8,903	390
South Tyneside	11,970	0.538%	0.336%	7,471	-4,499
Sunderland	19,468	0.876%	0.612%	13,619	-5,849
NORTH EAST	177,598	7.987%	5.577%	124,000	-53,598

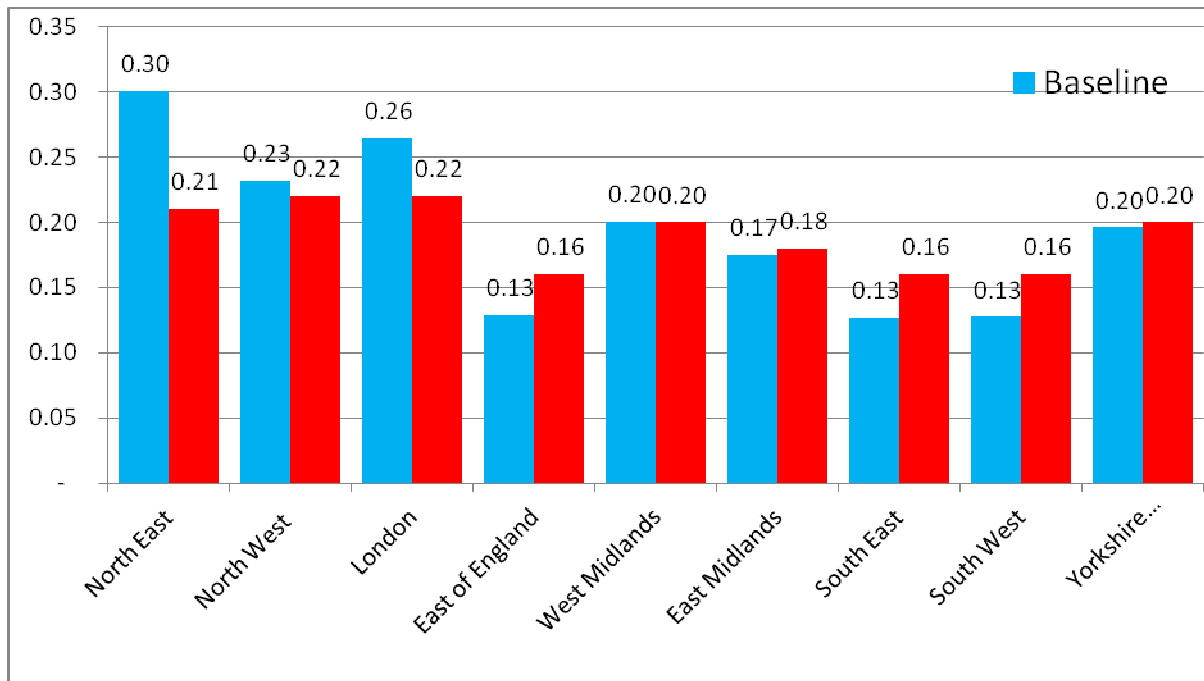
27. The pattern of potential regional gains and losses is set out in Chart 1 below, which compares the percentage share of the published February 2012 baseline figures with the indicative percentage share of the target funding allocation. The North East is one of the biggest losers, with the South East, South West and Eastern England gaining.

Chart 1 : Relative Shares of the Current Baseline and Indicative Allocations



28. A comparison of the funding shares per 100,000, shown in Chart 2 below, reveals that the North East previously had the highest proportionate allocation at 0.30% per 100,000 people, which falls in the funding allocation to the third highest of any region at 0.21%. The chart shows a narrowing of the funding distribution, with those receiving the lowest allocation having an increase and those with the highest generally receiving a reduction.

Chart 2: Proportion of Funding Shares per 100,000 population



29. The document also provides an update on the health premium incentive; this is the element of non-mandated expenditure which is dependent on local authorities making progress against certain public health indicators. The Department of Health

recognises that the significant data lag on many of the indicators in the public health outcomes framework would mean that, if it was paid in 2013/14, the Department of Health would be rewarding local authorities for decisions taken by Primary Care Trusts. Therefore, the Department of Health is planning to delay the first payments until 2015/16, the third year of local authority responsibility for public health.

30. As agreed at Cabinet on 11th July 2012, Durham County Council will respond to the Department of Health's consultation on funding for public health.
31. Discussions are currently taking place regarding a consultation response from the Association of North East Councils, the Association of Directors of Adult Social Services and the Regional Directors of Public Health.

Developments in County Durham

32. A single 'Receiver' plan exists, which outlines the tasks and milestones to be achieved by Durham County Council and NHS County Durham prior to and including the date for transfer of public health functions to Durham County Council.
33. A due diligence exercise is to be completed, coordinated by Adults Wellbeing and Health, with Internal Audit and Risk providing assurance that the necessary controls and evidence are in place for the transfer of public health functions to Durham County Council.
34. Work is also being undertaken to prepare 'handover' documents (known as a legacy document) for the transfer of public health functions and responsibilities from NHS County Durham to Durham County Council by 1st April 2013.
35. The Shadow Health and Wellbeing Board will continue to receive regular updates on the implementation of the DCC Receiver Group's project plan.
36. The development and delivery of the local public health vision is being led by the Director of Public Health County Durham, in collaboration with a wide group of stakeholders, including the Portfolio Holder for Safer and Healthier Communities, Durham County Council's Chief Executive and the Corporate Director of Adults Wellbeing and Health. As the local leader for public health across County Durham, the Director of Public Health will ensure that the vision and delivery model enables the council to deliver the new statutory functions from 2013. An update on the public health vision will be included in the next quarterly update report to Cabinet in October 2012.
37. On 18th April 2012, a report was presented to the Shadow Health and Wellbeing Board by the Director of Public Health County Durham. The report outlined the future commissioning model for public health services, the potential position with regard to a reduction in the public health allocation by central government, and the identification of criteria for a prioritisation framework to inform the future commissioning of services from a range of budget perspectives.

Next Steps

38. A consultation response to the Department of Health's update on public health funding will be prepared on behalf of Durham County Council and submitted by 14th August 2012.
39. The DCC Receiver Group will work with internal audit on the due diligence process, to ensure that the necessary controls, evidence and quality assurance are in place with regard to the public health transition project plan.
40. The DCC Receiver Group will continue to manage the public health transition project plan.

Recommendations and reasons

41. Cabinet is recommended to:
 - Agree that further reports regarding the transfer of public health functions from NHS County Durham to Durham County Council continue to be provided to Cabinet on a quarterly basis.
 - Agree to receive, as part of the quarterly report in October 2012, an update on emergency preparedness, resilience and response and health protection, as well as information on the local public health vision.
 - Note that a national public health workforce strategy is due to be published in autumn 2012.

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Background Papers

- Healthy Lives, Healthy People: Towards a Workforce Strategy for the Public Health System
- Public Health Transition Durham County Council Receiver Group – Project Initiation Document (version 3)
- Healthy Lives, Healthy People: Update on public health funding

Appendix 1 - Implications

Finance – Durham County Council will receive a ring-fenced budget for public health protected for 2013/ 14 and 2014/15 and an inflationary cash uplift over that period. However, the interim allocation recommendations, if implemented, will significantly reduce the level of public health funding for County Durham.

Staffing – The transfer of health improvement functions will have implications for existing NHS staff, Durham County Council, Public Health England and the NHS Commissioning Board. Plans are currently underway to accommodate and support the public health staff transferring to Durham County Council from NHS County Durham.

Risk – There are significant risks in the transfer of public health functions from NHS County Durham and Darlington to Durham County Council. This is monitored by the DCC Receiver Group and the corporate risk assessment process, and due diligence is being carried out by Internal Audit and Risk to ensure that the necessary controls, evidence and quality assurance are in place.

The implications of the potential medium to long term reduction in public health funding to Durham County Council presents a significant risk and the corporate risk register has been updated accordingly.

Equality and Diversity / Public Sector Equality Duty – An Equality Impact Assessment will be carried out by the DCC Receiver Group and this has been built into the transition project plan. This will need to take into account interim and final proposals for public health funding.

Accommodation – Public Health staff to be transferred to Durham County Council will require accommodation.

Crime and Disorder – There are no direct implications.

Human Rights – There are no direct implications.

Consultation – The government continues to consult on key policy in relation to public health reform.

Procurement – The commissioning of public health services will have implications for procurement.

Disability Discrimination Act – There are no direct implications.

Legal Implications – The Health and Social Care Bill received Royal Assent on 27th March 2012 and is now an Act of Parliament.

Durham County Council's Constitution will be amended to ensure that it incorporates relevant future responsibilities from 1st April 2013 with regard to public health.