Healthy lives, healthy people: consultation on the funding and commissioning routes for public health

December 2010


The consultation document complements the 30 November public health white paper. It proposes details and seeks views on:

- commissioning mechanisms for public health (Public Health England, local authorities and the NHS Commissioning Board)
- the public health ring-fenced budget and health premium
- public health-funded activity.

White paper
Healthy lives, healthy people sets out a timetable for transition to the new system. Subject to parliamentary approval of the Health and Social Care Bill, the Government plans to fully establish Public Health England by April 2012 and allocate ring-fenced public health grants to local authorities by April 2013.

The Department of Health (DH) is consulting on this funding and commissioning and the public health outcomes framework until 31 March 2011. The NHS Confederation will set in place a number of opportunities for members to inform our response and contribution to the debate. Please send any comments to publichealth@nhsconfed.org by 8 February 2011.

Chapter summaries

Chapter 1: The public health system – summarises the proposed new system.
Chapter 2: Funding and commissioning flows – covers the broad funding flows and commissioning routes.
Chapter 3: Defining commissioning responsibilities – provides the detail of what activities will be funded by the public health budget, who should commission it and examples of proposed associated activity to be funded by the NHS budget.
Chapter 4: Allocations – provides details on how the public health budget will be allocated and the transition to local authorities.
Chapter 5: Health premium – covers the part of the public health budget for health improvement to incentivise action to reduce health inequalities.
Briefing for members
This briefing sets out the key points from the consultation document. For ease of reference we have structured it along the following key themes:

- the new public health system
- commissioning and funding flows
- public health-funded activity
- the public health budget
- the health premium.

The new public health system
Key elements of the new system include:

- establishment of Public Health England, a new structure that combines health protection and improvement functions
- the transfer of responsibility for local health improvement from PCTs to local authorities. Local authorities will also, where practical, exercise some health protection functions and preventative services
- directors of public health (DsPH) will be employed by local authorities, and jointly appointed by Public Health England
- health and well-being boards will be established in every upper tier local authority.

Each body will be required to comply with the Equality Act 2010 and expected to undertaken their functions in a way that is most likely to reduce health inequalities.

Commissioning and funding flows
Public Health England will fund public health activity from the ring-fenced budget through three routes: allocating funding to local authorities; commissioning services via the NHS Commissioning board (NHSCB); or commissioning/providing services itself.

- decisions on how services would be best commissioned will determine how much funding flows through different parts of the system
- the majority of the budget will be spent on local services, either via the NHSCB (who may pass it to GP consortia) or local authorities
- the public health budget does not cover existing local authority public health related responsibilities such as some health protection services and social care
- local authorities will continue to support social care primary prevention supported by the additional £2billion per annum by 2014/15.
The diagram above sets out at a high level flows of the public health budget. More detailed information is below.

1. **This describes how local authorities could commission or provide public health funded services** at local levels. The Health and Social Care Bill will place a duty on commissioners to have regard to the Joint Strategic Needs Assessment and the joint health and well-being strategy. The Department of Health expects local authorities to commission on an ‘any willing provider’ basis and they will work to ensure that voluntary, community and social enterprise organisations are supported to play a full part in providing services.

2. **Public Health England** will directly commission or provide some services at a national level such as campaigns or functions carried out by the Health Protection Agency. Some specialist services may be carried out at sub-national or supra-local level such as services for victims of sexual violence. Although there will be no formal structure, sub-national commissioning arrangements could be established as part of Public Health England or local authorities could adopt supra-local arrangements for one authority to lead on behalf of others.

3. **The NHS Commissioning Board** will commission services on behalf of Public Health England, particularly population level interventions such as screening, and may be asked to include a public health element as part of its NHS functions. Where the board commissions public health activities from the NHS budget, the NHS commissioning architecture will determine how this will be done, the assumption being that GP consortia will commission these services in collaboration with others. Public Health England will want to influence public health elements of primary care services funded by the public health budget.

4. **Public health remains an integral part of NHS services** provided in primary care and will continue to be funded from within NHS Commissioning Board resources. This includes public health activity carried out by GP practices, dental contracts and services provided under the community pharmacy contractual framework. Public health expertise will inform commissioning of NHS services through directors of public health and via Secretary of State/Public Health England.

5. **The health and well-being boards** will support integrated commissioning across the system.

If commissioning arrangements prove to be inadequate, Public health England will be able to change the funding and commissioning route. Where GP practices are the preferred provider under the GP contract, (such as childhood immunisations, contraceptive services, cervical cancer screening and child health surveillance) these arrangements will continue to be funded from the public health budget. However there will be flexibility in the future to choose how services are commissioned.

**Public health-funded activity**
The principles about who the primary commissioner should be include:
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• where possible activity should be commissioned by local authorities
• if the service is required at scale or if its health protection it should be commissioned by Public Health England
• if the activity is best commissioned as part of a pathway of health care or if it already part of an existing contractual NHS primary care arrangement, it should be commissioned by the NHS Commissioning Board.

The table below sets out the primary commissioning routes for public health funded services. However this does not necessarily rule out activity in other parts of the system in the given services.

<table>
<thead>
<tr>
<th>Proposed commissioning route/s including direct provision in some cases</th>
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| **Infectious disease** | Public Health England  
At local levels, local authorities will work closely with Public Health England health protection units (HPUs). The NHS will remain responsible for funding and commissioning infectious disease treatment and related activity such as infection control policies and procedures. |
<p>| <strong>Sexual health</strong> | Local authority to commission services except contraceptive services commissioned by the NHS Commissioning Board. Public Health England will work with the board to provide specialist commissioning for HIV. |
| <strong>Immunisation against infectious disease</strong> | NHS Commissioning Board will commission vaccines for children and older people; NHS for targeted neo-natal immunisations; and local authorities for school programmes such as HPV and teenage booster. |
| <strong>Standardisation and control of biology medicines</strong> | Public Health England. |
| <strong>Radiation, chemical and environmental hazards including public health impact of climate change</strong> | Public Health England, supported by local authorities. |
| <strong>Seasonal mortality</strong> | Local authority. |
| <strong>All screening</strong> | NHS Commissioning Board will commission programmes. Public Health England will be responsible for design, quality assurance, piloting and roll out of new programmes. |
| <strong>Accidental injury prevention</strong> | Local authority. |
| <strong>Public mental health</strong> | Local authority will commission well-being promotion, anti-stigma and prevention services. The NHS will provide treatment for mental ill health including IAPT (Increasing Access to Psychological Therapies). |
| <strong>Nutrition</strong> | Public Health England and some local authority activity. |
| <strong>Physical activity</strong> | Local authority. |
| <strong>Obesity programmes</strong> | Local authority will lead commissioning for obesity services. The NHS will commission and fund surgery and drug |</p>
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<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>Treatment</td>
<td>Public Health England will run national nutrition programmes such as Healthy Start.</td>
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<tr>
<td>Drug misuse</td>
<td>Local authority will lead locally. Public Health England will provide evidence, guidance and comparative analyses.</td>
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<tr>
<td>Alcohol misuse</td>
<td>Local authority.</td>
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<tr>
<td>Tobacco control</td>
<td>Local authorities will commission stop smoking and prevention services, enforcement and local communications.</td>
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<tr>
<td>NHS Health Check programme</td>
<td>Local authority will commission, Public Health England will design, pilot and roll out any extension.</td>
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<tr>
<td>Health at work</td>
<td>Local authority.</td>
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<tr>
<td>Reducing and preventing birth defects</td>
<td>Local authority will be responsible for the wider determinants of health and Public Health England will be responsible for surveillance and anomaly registers.</td>
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<tr>
<td>Prevention and early presentation</td>
<td>Local authorities will commission, Public Health England will design initiatives.</td>
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<tr>
<td>Dental public health</td>
<td>Local authority will provide advice and commission community oral health programmes and Public Health England will lead on oral health surveys and fluoridation schemes. The NHS Commissioning Board will commission dental services.</td>
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<tr>
<td>Emergency preparedness and response and pandemic influenza preparedness</td>
<td>Public Health England supported by local authority will be responsible and the NHS Commissioning Board will be responsible for mobilising the health system in times of emergency, ensuring preparedness of the NHS.</td>
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<tr>
<td>Health intelligence and information</td>
<td>Public Health England will collect, manage and analyse data, provide economic assessments and manage knowledge functions such as a web-based system for sharing good practice. Communicating with the public will be a priority for local authorities. Information standards will be set for NHS, social care and public health services.</td>
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<tr>
<td>Children’s public health for under 5s</td>
<td>NHS Commissioning Board will commission the services. In the long-term health visiting will be commissioned locally.</td>
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<tr>
<td>Children’s public health 5 to 19 year olds</td>
<td>Local authorities will commission the Healthy Child Programme 5 – 19 &amp; school nursing service.</td>
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<tr>
<td>Community safety and violence prevention and response</td>
<td>Local authorities will commission this, which could include supra local commissioning of specialist services such as sexual assault referral.</td>
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<td>Social exclusion</td>
<td>Local authority.</td>
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<tr>
<td>Public health for those in prison or custody</td>
<td>NHS Commissioning Board.</td>
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- There will continue to be NHS-funded activity and public health advice will need to be part of designing whole pathways of care.
- The funding routes have already been decided and will be set out in the Health and Social Care Bill for: all screening; radiation, chemical and environmental hazards; immunisations against infectious disease; and the current functions of...
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The Bill will propose the Secretary of State for Health will be the primary commissioner for these services and standardisation and control of biological medicines, emergency preparedness and existing duty to arrange contraceptive services.

- The DH will propose in the Bill that local authorities should be the lead commissioner for: weighing and measuring children; dental public health; fluoridation; and medical inspection of school children.
- The DH is not consulting on commissioning for public health for the armed forces as this activity will not be funded from the national public health budget.
- The DH is consulting on all other activity funded by the public health budget.

Quality and outcomes framework
The DH proposes that 15 per cent of the current value of the Quality and Outcomes Framework for GPs should be devoted to public health indicators funded out of the public health budget. Public Health England will work with the National Institute for Clinical Excellence (NICE) to review and develop indicators.

A requirement to provide services
The Health and Social Care Bill will not confer any health protection role on local authorities directly. Therefore Public Health England will enter into arrangements with local authorities to ensure that essential universal functions such as open-access sexual health services are carried out. However the Bill will provide secondary legislation that could mandate local authorities to provide or commission a particular service.

The public health budget
- Early estimates of the public health budget suggest current spend could be over £4bn. Local spend is based on a survey of 2009/10 public health spending by NHS North West. The DH will validate and triangulate local estimates to inform the national estimate. The budget could be subject to further revision, particularly following responses to this consultation.
- The DH will ensure the ring-fenced grant to local authorities is an appropriate size. Where provision of services is mandatory and would become a statutory function, this will be supported by the transfer of necessary resources, following the New Burdens principle.

Accountability
Public Health England will be accountable to the Secretary of State for Health. For services commissioned by the NHS, there will be clear accountability lines for example through a service level agreement.
Primary accountability for local government will be to their local populations:
- through transparency – Public Health England will publish data on performance against the outcomes framework
- through health and well-being boards – where the local authority and NHS will coordinate commissioning of NHS, social care and public health services
- through new statutory functions. The Health and Social Care Bill will provide a new health improvement duty on local authorities.
Local government will be accountable to Public Health England:
- through transparency of progress against the outcomes framework
for the proper use of the ring-fenced grant, local authorities will need to demonstrate that the ring-fenced grant has been spent appropriately.

Specific data and information about health and care services and outcomes will need to be made available to assess impact of interventions and action, and enable local and national democratic accountability.

The grant to local authorities will be made under section 31 of the Local Government Act 2003 and will carry conditions about how it is to be used. However there will be a balance between accountability and maximising capacity for local decision-making. Local authorities and DsPH will have the freedom to pool and align budgets where this is the best route to improving health and well-being outcomes and could consider pooling funding across local authority areas.

Allocations
- From 2013 Public Health England will grant ring-fenced budgets, weighted for inequalities to upper tier and unitary authorities. Local authorities will be free to prioritise spending.
- Shadow allocations will be made 2012/13 to provide an opportunity for planning and to evaluate the allocation process.
- During transition (2011–13) the NHS will need to retain its emphasis on public health. The Operating Framework for the NHS 2011/12 sets out the operational arrangements to manage the transition.
- The Advisory Committee on Resource Allocation (ACRA) will support allocating resources and create a formula that can be used to calculate each local authority’s ‘target allocation.’ Three approaches will be considered when establishing the formula: 1) utilisation – based on modelling the statistical relationship between current patterns of public health activity and need; 2) cost effectiveness – based on potential gains in health outcomes relative to spend; 3) population health measures – of health outcomes, such as standardised mortality ratios or disability-free life expectancy. Allocations would be higher to areas with poorer health.
- The DH will move actual allocations from current spend towards the target allocations over a period of time, adopting the pace-of-change policy.

The health premium
- The health premium will provide a formula and results based payment to incentivise action to reduce health inequalities. There will be no centrally imposed targets and no performance management by the centre. Building on the baseline allocation, local authorities will receive an incentive payment based on progress made against elements of the public health outcomes framework.
- The premium will be developed with key partners, local government, public health experts and academics. Disadvantaged areas will see a greater premium if they make progress, recognising that they face the greatest challenges.
- Local authorities will not automatically receive funding if the health of local population deteriorates. Potentially an area that makes no progress might receive no growth in funding. There would be a sliding scale depending on the size and extent of a local authority’s progress. Local authorities will want to have regard to the opportunities to gain additional incentives offered by Payment by Results component of the Early Intervention Grant.
The premium model will be set out when the DH has established the baseline, the potential scale and agreement about how the Public Health Outcomes framework will be used.

The DH intends that local authorities will share funding of non-discretionary services, where the health premium will not apply and to grow in line with estimated need.