

Commissioning and Procurement Executive Committee - 15 November 2022

Subject:	'Giving Nottingham Children the Best Start in Life' Agenda for Change adjustment to contract value		
Corporate Director/ Director:	Catherine Underwood, Corporate Director for People Lucy Hubber, Director of Public Health		
Portfolio Holder:	Cllr Linda Woodings - Adults and Health		
Report author and contact details:	Uzmah Bhatti - Senior Public Health Manager uzmah.bhatti@nottinghamcity.gov.uk		
Other colleagues who have provided input:	David Johns – Consultant in Public Health		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £750,000 or more
			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
If Capital, provide the date considered by Capital Board Date:			
Total value of the decision:	£ 5,491,618 (£3,783,135 confirmed + £1,708,483 estimated)		
Wards affected:	Citywide		
Date of consultation with Portfolio Holder:	24 October 2022		
Relevant Council Plan Key Outcome:			
Clean and Connected Communities	<input type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input checked="" type="checkbox"/>		
Healthy and Inclusive	<input checked="" type="checkbox"/>		
Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Financial Stability	<input type="checkbox"/>		
Serving People Well	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
<p>Nottingham City Council (NCC) Public Health Department has commissioned Nottingham CityCare Partnership CIC to deliver the 'Giving Nottingham Children the Best Start in Life' service in partnership with the NCC Early Help Team. The contract period runs for 5 years from 1 April 2018 to 31 March 2023 with option to extend for two further two-year periods (1 April 2023 to 31 March 2025 and 1 April 2025 to 31 March 2027).</p> <p>The Public Health Grant has received an uplift for contracts containing staff on Agenda for Change (AfC) since 2020. At the time it was unclear if this was a one-off uplift or would be applied each year. As a result, a fixed increase was agreed with CityCare.</p> <p>Clarification over this process has led us to reassess this situation. As a result, we have applied the NHS Pay Award Revenue Finance and Contracting Guidance and re-calculated an updated contract value for 2022/23 based on annual AfC increases (minus efficiency) since 2019/20.</p> <p>The new contract value for 2022/23 is £10,058,270, an increase of £756,627. This new contract value will be applied for the remainder of the contract (total cost: £3,783,135) and will come from</p>			

the Public Health grant.

It is proposed that the contract value is increased annually by the net uplift figure published within the NHS Pay Award Revenue Finance and Contracting Guidance that considers the AfC increase minus efficiencies. It is not possible to know this number in advance but an estimate of 4% has been used to provide an estimate of the additional cost over the remainder of the contract (£1,708,483). This would again be covered by the Public Health grant.

Exempt information: None

Recommendations:

- 1 To approve the £3,783,135 costs from the Public Health grant to cover an increase of £756,627 per annum in the 'Best Start in Life' contract from 2022/23 until 2026/27, should Nottingham City Council enact the option to extend its contract.
- 2 To delegate authority to the Director of Public Health to implement future 'Agenda for Change' uplifts, in accordance with NHS published figures, for the remainder of the contract up to the value of £1,708,483.

1. Reasons for recommendations

- 1.1 A new contract value has been established for the 'Giving Nottingham Children the Best Start in Life' service using NHS Pay Award Revenue Finance and Contracting Guidance since 2018/19 (see appendix 1a); an increase of £756,627 per annum from 2022/23. This totals £3,026,508 when applied till the end of the contract in March 2027 and will be funded through the Public Health Grant.
- 1.2 Each year the NHS Pay Award Revenue Finance and Contracting Guidance outlines the net uplift after considering a Cost uplift factor and NHS efficiency factor. This formula has been used to establish a new contract value for 2022/232 and is recommended to be applied each year for the remainder of the contract.
- 1.3 As the NHS net uplift value changes each year, the amount of additional funding that will be added to the contract each year till March 2027, is unknown. Using an estimate of 4% (based on 2021/22), it is estimated a total £1,708,483 from the public health grant will be required to meet Agenda for Change responsibilities and maintain service provision between 2022/23 to 2026/27.

2. Background (including outcomes of consultation)

- 2.1 Nottingham City Council (NCC) Public Health Department has commissioned Nottingham CityCare Partnership CIC to deliver the 'Giving Nottingham Children the Best Start in Life' service in partnership with the NCC Early Help Team. This is an integrated service encompassing Health Visiting, Family Nurse Partnership, Breastfeeding Peer Support, Public Health Nurses (5-19s), Children's Public Health Nutrition, Domestic Violence training and expertise nurse.
- 2.2 The contract period runs for 5 years from 1st April 2018 to 31st March 2023 with option to extend for two further two-year periods (2023-2025 & 2025-2027).

- 2.3 In 2020/21, the Public Health grant included 'an adjustment to cover the additional Agenda for Change pay costs for eligible staff'. With uncertainty with respect the future of the public health grant, a one-off position was negotiated with City Care.
- 2.4 It has since been deemed more appropriate to provide an annual AfC uplift to relevant contracts. The NHS Pay Award Revenue Finance and Contracting Guidance confirms Integrated Care Boards will receive funding to cover annual AfC uplifts for public health contracts provided by NHS organisations. However, this is not the case for 'Giving Nottingham Children the Best Start in Life' which is provided by CityCare a social enterprise.
- 2.5 A new contract value has been calculated and agreed with CityCare by applying the NHS net uplift for each year since 2018/19 (Appendix 1a). If approved, this will apply from 2022/23 with no payments for historic differences. The new contract value will increase by £756,627 to £10,058,270.
- 2.6 Service changes and efficiencies have been made since 2018/19. As such, CityCare have identified opportunities for service transformation within the new financial envelope. The Director of Public Health will continue to review and approve any changes to service provision to ensure best value.
- 2.7 In 2023/24 and for the remainder of the contract, an annual AfC uplift should be calculated based upon the NHS net uplift in the NHS Pay Award Revenue Finance and Contracting Guidance. This value varies from year-to-year; therefore, for the purposes of this paper, a 4% estimate has been used to provide a maximum value for approval over the remainder of the contract (£1,708,483 – see appendix 1b).

3. Other options considered in making recommendations

- 3.1 Option to do nothing is not recommended. This would transfer the financial burden of the additional pay costs to the service provider and risk a reduction in service provision to meet the costs of delivering the Healthy Child programme.

4. Consideration of Risk

- 4.1 This decision aims to mitigate the impact of not awarding AfC allocations. If these uplifts are not awarded, then the service would have to make savings maintain costs within the contract value.

5. Finance colleague comments (including implications and value for money/VAT)

Observations of Finance Business Partner:

For reasons outlined by the report author, this decision seeks approval to:

1. To approve £3,783,135 from the Public Health grant to cover an increase of £756,627 per annum in the 'Best Start in Life' contract from 2022/23 until 2026/27, should NCC enact the option to extend its contract. This is in addition to the previous CPEC decision approved re this contract.

2. To delegate authority to the Director of Public Health to implement future AfC uplifts, in accordance with NHS published figures, for the remainder of the contract (covering 2022/23 to 2026/27) up to the value of £1,708,483.

The total maximum cost of the proposals seeking approval in this decision to meet agenda for change (AfC) responsibilities and maintain service provision therefore is £5,491,618, covering the period 1 April 2022 to 31 March 2027.

The total cost of this decision will be fully funded from the Public Health grant. If the Public Health grant was to reduce in future years, the service would need to realign services within the revised available funding limit ensuring that no financial pressure arises.

This report follows on from the previous report approved by Commissioning and Procurement Executive Committee (CPEC) on 13 June 2017 where the 'Giving Nottingham Children the Best Start in Life' contract was agreed over a 5+2+2-year period covering the periods outlined below:

- Original 5-year contract period: 1 April 2018 to 31 March 2023;
- Option to extend for 2 years (1): 1 April 2023 to 31 March 2025;
- Option to extend for 2 years (2): 1 April 2025 to 31 March 2027.

Since the original contract summarised above was awarded, Public Health have received an annual uplift for contracts containing staff on AfC since 2020' via the Public Health grant to cover the funding gap in pay costs. At the time it was unclear if this would be a one-off or recurrent uplift and as a result, a fixed increase was agreed with CityCare.

The NHS Pay Award Revenue Finance and Contracting Guidance has been used to recalculate an updated contract value covering the period 2022/23 to 2026/27 based on annual AfC increases (minus efficiency) since 2019/20 to reflect the appropriate contract value had increases been made annually instead of the fixed increase previously agreed with CityCare. The total cost of this element of the decision is £756,627 per annum or £3,783,135 for the remainder of the contract if the 2+2-year contract extension is enacted. It is to be noted that this adjustment relates to 2022/23+ contract values only and no increase will be included as a result of historic differences.

This decision also seeks approval for the future estimated annual increase of AfC which is £1,708,483 for the remainder of the contract if the 2+2-year contract is enacted. This is based on an estimated annual increase of 4% (based on the 2021/22 increase) between 2022/23 and 2026/27. This is unknown at this stage and will need to be monitored closely by the service to ensure that the assumptions align with the actual activity and that any changes to that outlined in this report are approved in a subsequent report via the appropriate route, where required.

The breakdown of the costs seeking approval are summarised in appendices 1a and 1b of this report.

Once the decision is approved, a budget virement will be posted to realign the budgets, supporting budget managers to robustly monitor the budget.

The actual costs associated with this decision will require regular monitoring to form an audit trail against this grant funding and support robust forecasting. Any decisions taken will need to be robustly captured against this decision value to ensure it is not exceeded. This information will also be used for internal/external reporting purposes as required.

Tracey Moore, Commercial Business Partner - 21 October 2022

6. **Legal colleague comments**

The recommendations sought in respect of the contract are permissible within Regulation 72 of the Public Contract Regulations 2015 and comply with Article 18.99 of the Council's Contract Procedure Rules.

S O'Bradaigh, Legal - 27/10/2022

7. **Other relevant comments**

7.1 **Procurement Colleague comments**

This report seeks approval to award additional funding to the Nottingham Citycare Partnership 'Giving Nottingham Children the Best Start in Life' contract to cover the costs of NHS Agenda for Change (AfC) pay uplift in accordance with government guidance. The Council's Public Health grant allocations include provision for additional AfC pay costs associated with this contract and it is proposed to 're-baseline' the contract value in 2022-23 with an additional £756,627 based on calculations using published NHS formulas.

It is also proposed to delegate authority to the Director of Public Health to agree future AfC uplift payments in accordance with government guidance for AfC, at an estimated average of 4% per year. These proposals are considered permissible in accordance with Regulation 72 of the Public Contracts Regulations and Article 18.99 of the Council's Contract Procedure Rules.

Jo Pettifor, Category Manager, Strategy & People - 11 October 2022

8. **Crime and Disorder Implications (If Applicable)**

8.1 None.

9. **Social value considerations (If Applicable)**

9.1 None.

10. **Regard to the NHS Constitution (If Applicable)**

10.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

11. **Equality Impact Assessment (EIA)**

11.1 An EIA is not required because this funding decision does not have a direct impact on the way in which services are delivered. An EIA will be conducted as part of the reinvestment planning process.

12. Data Protection Impact Assessment (DPIA)

12.1 A DPIA is not required because this decision does not involve any collection, exchange or transfer of data.

13. Carbon Impact Assessment (CIA)

13.1 A CIA is not required because there is no direct impact on the service carbon footprint and a CIA is not applicable to this decision.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None.

15. Published documents referred to in this report

15.1 2020 DDM approval for AFC uplift
<https://committee.nottinghamcity.gov.uk/documents/s112135/DD4070.pdf>

15.2 Approval for contract funding 2017
<https://committee.nottinghamcity.gov.uk/documents/s57915/0-5%20Integrated%20Services%20Contract.pdf>

Appendix 1a - Breakdown of renegotiated AFC uplift values 2019 to 2023

	Original	Net Uplift	Revised
2018/19	£9,301,643	0.10%	£9,310,945
2019/20		2.70%	£9,562,340
2020/21		1.40%	£9,696,213
2021/22		2.00%	£9,890,137
2022/23		1.70%	£10,058,270

Increase from original contract value in 2022/23: £756,627

Appendix 1b - Estimated annual contract values based on assumed 4% net uplift for 2023 to 2028.

	2022/23 baseline	Assumed Maximum Net Uplift	Revised
2023/24	£10,058,270	4.00% (£402,331)	£10,460,601
2024/25		4.00% (£418,424)	£10,879,025
2025/26		4.00% (£435,161)	£11,314,186
2027/28		4.00% (£452,567)	£11,766,753

Total value of estimated net uplifts: £1,708,483