

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE**

**15/03/17**

<b>Subject:</b>	Recharge to the NHS for medicines prescribed through Public Health Services		
<b>Corporate Director(s)/ Director(s):</b>	Alison Michalska – Corporate Director for Children and Adults Alison Challenger – Director of Public Health		
<b>Portfolio Holder(s):</b>	Councillor Alex Norris – Portfolio Holder for Adults and Health		
<b>Report author and contact details:</b>	Alison Challenger <a href="mailto:alison.challenger@nottinghamcity.gov.uk">alison.challenger@nottinghamcity.gov.uk</a> 0115 8765105		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision: £3,288,000 (over 3 years)</b>			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> Councillor Alex Norris – 17.02.17		
<b>Relevant Council Plan Key Theme:</b>			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>Nottingham City Council has a responsibility to commission Public Health services; a number of these services involve the prescription of medicines for service users. The funding for the prescription and medications is included within the Public Health Grant and is therefore the financial responsibility of the local authority.</p> <p>Nottingham City Clinical Commissioning Group (CCG) provides the administration of the scheme on behalf of the City Council including payment of medicines and dispensing costs to providers.</p> <p>Approval is sought to reimburse the costs of these medicines to the CCG for 2016/17 and for the two subsequent years.</p>			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
<b>1</b> To approve the spend of £1,096,000 in order to meet the prescribing costs of public health services for 2016/17;			
<b>2</b> To approve the development of a Section 75 Agreement with Nottingham City Clinical Commissioning Group as lead commissioner who will continue to administer the scheme on behalf of Nottingham City Council as part of a pooled budget arrangement;			
<b>3</b> To approve up to £1,096,000 for 2017/18 and up to £1,096,000 for 2018/19 to support integration and efficiencies.			

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Under the Health and Social Care Act 2010, the local authority has a responsibility to commission public health services. These include: drug and alcohol services, smoking cessation support and sexual health services, each of which involves the prescription of medications to service users. Funding for these services is included within the Public Health grant.
- 1.2 Whilst the responsibility and funding for these services lies with Nottingham City Council, the costs associated with prescribing are borne by Nottingham City Clinical Commissioning Group. These costs relate to payments to the community pharmacy where a prescription is dispensed and the cost of the prescription drugs themselves. As such, it is necessary to reimburse the Nottingham City CCG for the costs.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Whilst the responsibility and funding for these services lies with Nottingham City Council, the costs associated with prescribing are borne by Nottingham City Clinical Commissioning Group. These costs relate to the cost of the prescription drugs themselves which are reclaimed through the CCG's medicines management system.
- 2.2 In order to consider the future needs for prescribing medicines as part of the public health services, it is proposed that there is a pooled budget arranged through a Section 75 transfer of funds to Nottingham City CCG for a 2 year period starting from 1st April 2017. This would enable a comprehensive assessment of the medicines used within public health commissioned services and enable governance, monitoring requirements and efficiencies to be identified

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Continue with the current arrangement for block payments: This was rejected as there needs to be a greater understanding of the trends, uptake and actual usage of medicines. A pooled budget enables better review of usage and potential for finding and sharing efficiencies across the wider medicines management system.
- 3.2 Council management of the administration of the scheme directly with NHS providers: This was rejected due to the large number of prescriptions and many providers involved. Extra staff would need to be employed and a system for managing the payments. Additionally this would create two schemes requiring practitioners to retrieve funding from two different commissioners which may add complexity and deter engagement and provision with the public health services.

## **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The 2016/17 Public Health budget includes £1.096m for the Prescribing Costs; these are on-going costs and there is an expectation that the Public Health budget will continue to fund them in future years. Provided that the Section 75 agreement allows for it, Nottingham City Council should have a greater insight into how this budget is spent and how efficiencies can be achieved, thereby leading to better

value for money, whilst avoiding the additional cost of directly administering the scheme.

## **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

5.1 The majority of the services provided by these NHS providers sits with the local Clinical Commissioning Group who have procured these services in line with their financial regulations. By setting up a Section 75 agreement Nottingham City Council will be able to monitor the delivery of the service and ensure the CCGs procure the services in the best way to meet the needs of the citizens. Provided the Section 75 agreement is developed with appropriate targets and risk sharing arrangements this raises no significant procurement concerns.

## **6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)**

6.1

## **7 SOCIAL VALUE CONSIDERATIONS**

7.1

## **8 REGARD TO THE NHS CONSTITUTION**

8.1 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.

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because the decision to reimburse the CCG for these costs does not impact on service delivery.

## **10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 N/A

## **11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 N/A

## **12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Katy Ball, Director of Procurement and Commissioning – 0115 8764814

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Liesa Sisson, Senior Commercial Business Partner – 0115 8762862

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