

CABINET MEETING – 16 MARCH 2023

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Variations to Public Health contract prices arising from the Agenda for Change pay deal

Author(s):

Executive Director of Health, Housing and Communities

Purpose of Report:

To seek approval to vary Public Health contracts held by NHS Providers by uplifting prices to cover increased staffing costs arising from the national pay settlement for staff who are subject to NHS Agenda for Change Terms and Conditions.

Description of Decision:

Cabinet is requested to authorise the Executive Director of Health, Housing and Communities, in consultation with the Director of Finance and the Portfolio Holder for Health and Social Care, to undertake the necessary steps to vary the relevant Public Health contracts with effect from 1st April 2022 to cover increased staffing costs arising from the national pay settlement for staff who are subject to NHS Agenda for Change Terms and Conditions.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The 2022/2023 Public Health Grant allocation for Sunderland has been subject to an increase for the purpose of covering increased staff salary costs resulting from the Agenda for Change pay deal for the period 1st April 2022 – 31st March 2023.

There are also future responsibilities for funding in full the pay awards made for the periods 1st April 2021 – 31st March 2022 and 1st April 2022 – 31st March 2023, for any ongoing contracts.

Increasing Public Health contract prices for those contracts which include staff who are subject to NHS Agenda for Change Terms and Conditions is consistent with the conditions of the Public Health Grant. It will also help ensure the stability and sustainability of those Public Health contracts in Sunderland.

Alternative options to be considered and recommended to be rejected:

Do nothing – do not vary the contracts and uplift prices. This is not a viable option as the 2022/2023 Public Health Grant has been increased for the specified purpose of covering costs associated with increases to salaries of staff subject to NHS Agenda for Change Terms and Conditions and the Council as commissioner has responsibility for ensuring any recurrent responsibilities for funding increases to salaries of staff subject to NHS Agenda for Change Terms and Conditions are met, in accordance with national guidance issued.

Impacts analysed;

Equality **Privacy** **Sustainability** **Crime and Disorder**

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

VARIATIONS TO PUBLIC HEALTH CONTRACT PRICES ARISING FROM THE AGENDA FOR CHANGE PAY DEAL

Report of The Executive Director of Health, Housing and Communities

1. Purpose of the Report

- 1.1 To seek approval to vary Public Health contracts held by NHS Providers by uplifting prices to cover increased staffing costs arising from the national pay settlement for staff who are subject to NHS Agenda for Change Terms and Conditions.

2. Description of Decision (Recommendations)

- 2.1 Cabinet is requested to authorise the Executive Director of Health, Housing and Communities, in consultation with the Director of Finance and the Portfolio Holder for Health and Social Care, to undertake the necessary steps to vary the relevant Public Health contracts with effect from 1st April 2022 to cover increased staffing costs arising from the national pay settlement for staff who are subject to NHS Agenda for Change Terms and Conditions.

3. Introduction/Background

- 3.1 As set out in the Health and Social Care Act 2012 the Council has responsibility for improving the health of the population in Sunderland. In order to meet this responsibility the Council commissions a range of Public Health functions from NHS providers that operate in the City.
- 3.2 These contracts are funded via the Public Health Grant, which is allocated to the Council annually by the Department of Health and Social Care.
- 3.3 NHS staff are predominantly subject to Terms and Conditions of employment that are known as “Agenda for Change”. In 2022 a national pay deal covering 1st April 2022 to 31st March 2023 was agreed for staff subject to Agenda for Change.
- 3.4 For 2022/2023 the Public Health Grant for Sunderland was increased for the purpose of covering additional costs associated with increased salaries arising from the Agenda for Change pay deal.
- 3.5 The final recommendation of the NHS Pay Review Body which was announced in July 2022 was above the 2.81% uplift applied to the 2022/2023 Public Health Grant. In response and to support the management of this increased funding pressure in-year NHS Trusts have received an additional funding allocation on a non-recurrent basis via Integrated Care Boards, equating to 1.66% i.e. the balance of funding for the pay award. Local authorities which commission NHS services need to plan for funding the full costs of the 2022/2023 pay award locally on a recurrent basis from 1st April 2023.

- 3.6 The costs of the 2021/2022 NHS Agenda for Change pay award were met via central NHS funding in-year on a non-recurrent basis, with the expectation that the ongoing funding pressure would be met through 'business as usual' (BAU) arrangements via individual contracting arrangements. In 2022 NHS England and Improvement provided flexibilities to Integrated Care Boards to support management and transition of the 2021/2022 pay award funding pressures. This has meant that local authorities were not required to fund the 2021/2022 pay award costs this financial year but are required to plan for funding these costs on a recurrent basis from 1st April 2023, where a contract continues to be in place.

4. Current Position

- 4.1 The providers and relevant contracts in scope are as follows:
- a. South Tyneside and Sunderland NHS Foundation Trust – providing the Sunderland Integrated Sexual Health Service and Child Vision Screening service (for children aged 4-5 years).
 - b. Harrogate and District NHS Foundation Trust – providing the 0-19 Public Health Service in Sunderland (this provides access to family nurse partnership, health visiting and school nursing).
 - c. Northumberland Healthcare NHS Foundation Trust – providing the Sunderland NHS Specialist Stop Smoking Service.
- 4.2 In order to deliver these services each provider has staff who are employed under Agenda for Change terms and conditions. Whilst the proportion of staff employed under these terms and conditions varies between contracts, each contract incurs some level of costs associated with the salary increases arising Agenda for Change pay deals in 2021/2022 and 2022/2023.
- 4.3 The Public Health Grant for Sunderland was increased by 2.81% in 2022/2023, which equates to a cash term increase of £687,407. This was a general uplift to the grant, however the grant determination letter confirmed that the grant would need to fund all Agenda for Change pay pressures for 2022/2023.
- 4.4 As a result, each of the above providers have been approached to provide details of the following:
- a. Salary increases arising from the pay deals in 2021/2022 and 2022/2023.
 - b. Associated increases to employer National Insurance contributions arising from the changes to salaries (funded separately via NHS England and Improvement).
 - c. Associated increases to employer pension contributions arising from the changes to salaries .
- 4.5 Costings received have been verified for each contract, the summary total of which is shown below:
- the public health grant contribution toward the 2022/2023 pay award, which is to be applied in this financial year - £208,085.
 - The annual recurrent costs of the 2021/2022 pay award, which will need to be applied in 2023/2024 (and for the remaining term of each contract) - £210,593.

- the annual recurrent costs of the full 2022/2023 pay award, which will need to be applied in 2023/2024 (and for the remaining term of each contract) - £329,745.

4.6 The total funding requirements over the two years for 2022/2023 and 2023/2024 come to a total of £748,423 and are to be funded from the Public Health Grant allocations.

4.7 It is proposed to vary the contracts of the affected providers to meet the costs associated with the Agenda for Change pay deals in 2021/2022 and 2022/2023. These variations will be applied to the remaining term of each contract.

5. Reasons for the Decision

5.1 The 2022/2023 Public Health Grant allocation for Sunderland has been subject to an increase for the purpose of covering increased staff salary costs resulting from the Agenda for Change pay deal for the period 1st April 2022 – 31st March 2023.

5.2 There are also future responsibilities for funding in full the pay awards made for the periods 1st April 2021 – 31st March 2022 and 1st April 2022 – 31st March 2023, for any ongoing contracts.

5.3 Increasing Public Health contract prices for those contracts which include staff who are subject to NHS Agenda for Change Terms and Conditions is consistent with the conditions of the Public Health Grant. It will also help ensure the stability and sustainability of those Public Health contracts in Sunderland.

6. Alternative Options

The following options were also considered and rejected:

- Do nothing – do not vary the contracts and uplift prices. This is not a viable option as the 2022/2023 Public Health Grant has been increased for the specified purpose of covering costs associated with increases to salaries of staff subject to NHS Agenda for Change Terms and Conditions and the Council as commissioner has responsibility for ensuring any recurrent responsibilities for funding increases to salaries of staff subject to NHS Agenda for Change Terms and Conditions are met, in accordance with national guidance issued.

7. Impact Analysis

Introduction

Public Health services and interventions aim to improve public health outcomes and reduce inequalities by preventing ill health and providing accessible and targeted interventions to those with an identified need or those most likely to experience poor health outcomes. Impacts are analysed below.

- Equalities** – A full equality assessment on the proposal has been completed. There are no negative impacts associated with the proposal.

- (b) **Privacy Impact Assessment (PIA)** – There are no identified implications in relation to privacy associated with this proposal.
- (c) **Sustainability** – There are no identified implications in relation to sustainability associated with this proposal.
- (d) **Reduction of Crime and Disorder – Community Cohesion / Social Inclusion** – There are no identified implications in relation to reduction of crime and disorder associated with this proposal.

8. Other Relevant Considerations / Consultations

- (i) **Co-operative Values** – the public health services described here further the Co-operative values by through offering interventions universally and to those communities which have the highest levels of need, with the aim of reducing health inequalities.
- (ii) **Financial Implications** – The increased costs of the service will be met from the Public Health budget utilising the additional funding provided in the 2022/2023 Public Health Grant allocation and from the Public Health Grant allocation for 2023/2024 (details for which are not yet published).
- (iii) **Legal Implications** – The proposed variation to the specific public health contracts is limited to reflect the actual costs only arising as a direct result of the increase in employment costs for the relevant contract personnel as a consequence of the national NHS Agenda for Change pay award with effect from April 2022. In the circumstances, it is considered that this proposed variation is not a substantial change to the existing contracts for the purpose of Regulation 72(1)(e) of the Public Contracts Regulations 2015 and is therefore a lawful variation.
- (iv) **Policy Implications** – Implementation aims to support the shared values within the Sunderland Healthy City Plan, focusing on prevention, tackling health inequalities and equity.
- (v) **Procurement** – Corporate Procurement have been informed regarding the proposed variations to the current contracts. All work will be undertaken in consultation with the Corporate Procurement team.

10. List of Appendices

Equality Analysis Template