
IN-YEAR REDUCTIONS TO PUBLIC HEALTH GRANT 2015/16

**Responsible Cabinet Member - Councillor Andy Scott,
Health and Partnerships Portfolio**

Responsible Director - Murray Rose, Director of Commissioning

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to brief Cabinet of the potential impact of the in-year cut to the Public Health Grant announced by the Chancellor of the Exchequer in June 2015 and confirmed in the July Budget.

Summary

2. Since 2013, Local Authorities (LAs) in England have had a statutory duty to take the steps that they believe are appropriate to improve the health of their populations. The Department of Health (DH) funds LAs via a grant which is provided to give the authority the funding needed to discharge its public health responsibilities. The Grant is calculated using a formula produced by the Advisory Committee on Resource Allocation (ACRA) and at this time it is not known how this may be applied in the future.
3. In December 2014, Department of Health announced a 2015/16 Public Health Grant of £2.8 billion, with £430m to be added in October 2015 when responsibility for the commissioning of services for children 0-5 transfers to LAs from NHS England – making a total of £3.23 billion. The grant is paid to LAs by Public Health England in quarterly instalments. On the basis of the above, Darlington Borough Council's total Public Health Grant for 2015/16 was forecast to be £8.399m i.e. a baseline of £7.184m plus 6 months of 0-5 years resource.
4. On 4 June 2015, the Chancellor of the Exchequer announced a package of savings to be made across government in 2015/16, the current financial year, to reduce public debt. The savings amount to £3 billion and include £200m from this year's public health grant, to be deducted from the January 2016 instalment.
5. The Department of Health consulted regarding the implementation of the cuts, their preference being a flat rate of 6.2%. The application of a cut of 6.2% would produce an in-year reduction of £0.521m to the Public Health Grant for Darlington from a total grant of £8.399m. This would provide a revised Public Health Grant

allocation for 2015/16 of £7.878m.

6. The proposed 6.2% cut in the public health budget will seriously affect the Council's ability to plan, manage and sustain public health services both in the short term and the future. The cut to the public health grant is on top of already substantial cuts to the local authority's budget. Given the scale of the cut proposed it is inevitable there will be an impact on the NHS and non-NHS front-line services and preventative programmes locally.

Recommendation

7. It is recommended that :-
 - (a) Cabinet note the report that there will be an in-year cut to the Public Health Grant as confirmed in the July Budget.
 - (b) The Director of Public Health continue to review the options to manage the impact of the cut, in consultation with the respective Portfolio Holder and bring a further report to Cabinet as official confirmation is received as to how the cut would be applied and whether it is recurrent.

Reasons

8. The recommendations are supported to allow members to receive information about an impact on the Council's Public Health responsibilities and duties.

Miriam Davidson
Director of Public Health

Background Papers

No background papers were used in the preparation of this report.

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S17 Crime and Disorder	There are no issues directly arising from this report.
Health and Well Being	The cut of the Public Health Grant will have an impact on health and wellbeing.
Carbon Impact	There are no carbon impact implications in this report
Diversity	The content of this report affects people equally across all groups.
Wards Affected	All wards will be affected.
Groups Affected	The impact of the cut to the Public Health Grant is to be determined.
Budget and Policy Framework	There is no change to the budget and policy framework as a result of this report.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The impact of the cut to the Public Health Grant may impact on health inequality.
Efficiency	The impact of the cut on efficiency is still to be determined.

MAIN REPORT

Information and Analysis

9. Since 2013, Local Authorities (LAs) in England have had a statutory duty to take the steps that they believe are appropriate to improve the health of their populations. The Department of Health (DH) funds LAs for this with a grant which is provided to give the authority the funding needed to discharge its public health responsibilities. These funds are used to:
- (a) Improve significantly the health and wellbeing of local populations;
 - (b) Carry out health protection and health improvement functions delegated from the Secretary of State;
 - (c) Reduce health inequalities across the life course, including within hard to reach groups;
 - (d) Ensure the provision of population healthcare advice.

Financial Implications

10. In December 2014, Department of Health announced a 2015/16 Public Health Grant of £2.8 billion, with £430m to be added in October 2015 when responsibility for the commissioning of services for children 0-5 transfers to LAs from NHS England – making a total of £3.23 billion. The grant is paid to LAs by Public Health England in quarterly instalments. On the basis of the above, Darlington Borough Council's total Public Health Grant for 2015/16 was forecast to be £8.399m i.e. a baseline of £7.184m plus 6 months of 0-5 years resource.

11. On 4 June 2015, the Chancellor of the Exchequer announced a package of savings to be made across government in 2015/16, the current financial year, to reduce public debt. The savings amount to £3 billion and include £200m for this year's Public Health Grant, to be deducted from the January 2016 instalment.
12. The Department of Health consulted on 3 questions regarding the implementation of the saving. The principle question related to how each LA's contribution to the saving would be calculated. The Department's preferred option was a flat rate application of 6.2% applied to all authorities.
13. The application of a cut of 6.2% would represent an in-year cut of £0.521m to the Public Health Grant for Darlington from a total grant of £8.399m. This would provide a revised Public Health Grant allocation for 2015/16 of £7.878m.

Issues

14. The proposed 6.2% cut in the public health budget will seriously affect the Council's ability to plan, manage and sustain public health services both in the short term and the future. The cut to the public health grant is on top of already substantial cuts to the local authority's budget. Given the scale of the cut proposed it is inevitable there will be an impact on the NHS and non-NHS front-line services and preventative programmes locally.
15. The Public Health ring fenced Grant is utilised in 2 broad blocks of expenditure: -
 - (a) Contracts and agreements,
 - (b) Fixed costs for statutory duties and responsibilities.

The breakdown of the blocks is shown below, based on the current Public Health Grant of £7.184m.

- (a) £4.364m for contracts and agreements with different types of provider for the provision of a range of Public Health services outlined in the Public Health Grant conditions. These services include Health Checks, Sexual Health, Contraceptive, Substance Misuse, Stop Smoking, Mental Health promotion, Weight Management with a range of providers. Contract terms vary from 12 months to 3 years and contact values range between £1.2m - £5k.
 - (b) £2.819m for fixed costs to the authority that is required to deliver Council statutory Public Health duties and responsibilities. These include prescribing, public health advice, NHS core offer, staffing, partnership agreements and organisational overheads.
16. As the in-year cut is being applied in January 2016, the 3rd Quarter for the financial year, the application of any 'in year' reductions could not be shared equitably across all areas of Public Health expenditure. Work is underway to manage the impact of the cut and to review options for 'in-year' reductions.

17. If this reduction is applied to future Grant allocations on a recurring basis, 2016/17 and beyond, a fundamental review of Public Health activity in the context of the wider challenges faced by the Council will be required.

HR Implications

18. There are no specific HR implications to date.

Corporate Landlord Advice

19. There are no implications to date.

Consultation

20. Consultation with NHS partners on options to manage the impact of the cut in grant is part of the work in progress.