

1st October 2015		ITEM: 10
Health and Wellbeing Board		
Public Health Grant 2015/16 – Proposed Reductions		
Wards and communities affected: All	Key Decision: N/A	
Report of: Roger Harris – Director of Adults, Health and Commissioning / Ian Wake – Director of Public Health		
Accountable Head of Service: N/A		
Accountable Director: Roger Harris / Ian Wake		
This report is Public		

Executive Summary

Thurrock received notification on Monday 8th June that the Public Health Grant was to be cut nationally by £ 200m in 2015/16 following the Chancellor's pre-budget statement the previous week.

It is not fully clear yet how this figure was arrived at nor the rationale for the decision. It amounts to a 7.4% cut to the total PHG across England.

If this is applied pro-rata to all local authorities it will amount to a cut of over £ 600k to the Thurrock's allocation.

The Department of Health ran a short consultation during August on the methodology for applying the cut (not whether the cut will happen or not). This focussed on four main options:

- A. Devise a formula that claims a larger share of the saving from LAs that are significantly above their target allocation.
- B. Identify LAs that carried forward unspent reserves into 2015/16 and claim a correspondingly larger share of the savings from them.
- C. Reduce every LA's allocation by a standard, flat rate percentage. Nationally the £200 million saving amounts to about 6.2 per cent of the total grant for 2015/16, so that would also be the figure DH applied to individual LAs. Annex C sets out the effect on allocations.
- D. Reduce every LA's allocation by a standard percentage unless an authority can show that this would result in particular hardship, taking account of the following criteria:
 - inability to deliver savings legally due to binding financial commitments;

- substantial, disproportionate and unavoidable adverse impact on people who share a protected characteristic within the meaning of section 149 of the Equality Act 2010;
- high risk that, because of its impact, the decision would be incompatible with the Secretary of State's duties under the NHS Act 2006 (in particular the duty to have regard to the need to reduce inequalities between people with regard to the benefits they can receive from public health services);
- the availability of funding from public health or general reserves; or
- any other exceptional factors.

Thurrock supported option A – to devise a formula that claims a larger share of the saving from LAs that are significantly above their target allocation. Thurrock is currently 2.9% below its target Public Health allocation. This equates to us being under funded by £322,478 by the DH's own formula. Delivery of effective local public health provision is further compounded by the fact that we are a small unitary authority and so often cannot get the economies of scale in both staffing and contracts available to larger authorities. Many local authorities are significantly above their 'fair shares' PH grant funding formula.

As of writing this report we do not know the final decision on the method of applying the cut.

1. Recommendation

1.1 To note the proposed reductions in the PHG grant and to comment on the cuts put forward.

2. Introduction and Background

2.1 The Public Health Grant is provided to local authorities to give them the funding needed to discharge their public health responsibilities. Broadly these responsibilities include:

- Improve significantly the health and wellbeing of local populations;
- Carry out health protection and health improvement functions delegated from the Secretary of State;
- Reduce health inequalities for all ages, including within hard to reach groups;
- Ensure the provision of population wide healthcare advice.

Under the DoH guidance it remains essential that funds are only spent on activities whose main or primary purpose is to improve the public health of local populations.

The grant is made under Section 31 of the Local Government Act 2003 the Secretary of State has set down conditions to govern its use. The primary purpose of the conditions is to ensure that the grant is used to assist the local

authority to comply with its Public Health duties and mandatory functions, that it is spent appropriately, and accounted for properly.

2.2 Prescribed and Non Prescribed functions

Prescribed Functions:

- Sexual Health Services- STI testing and treatment
- Sexual Health Services- Contraception
- NHS Health Check Programme
- Local Authority role in health protection
- Public Health Advice
- National Child Measurement Programme
- Prescribed Childrens 0-5 Services

Non- Prescribed Functions commonly funded from the Public Health Grant:

- Sexual Health Services- Advice, prevention and promotion
- Obesity – Adults
- Obesity- Children
- Physical Activity- Adults
- Physical Activity- Children
- Drug Misuse- Adults
- Alcohol Misuse- Adults
- Substance Misuse (drugs and alcohol)- Youth Service
- Stop Smoking services and interventions
- Wider Tobacco Control
- Children 5-19 Public Health Programmes
- Non-prescribed Children 0-5 services

3. Issues, Options and Analysis of Options

3.1 Detailed below is a summary of the 2015/16 planned PHG allocation within Thurrock

Table 1

Budget Heading	Original 2015/16 Allocation £000s	Notes
Drug and alcohol contracts	1,310	Contract committed to March 31 st 2017
Nutrition, Obesity, Physical Activity	250	Child weight management and prevention. Committed until March 2017.
Tier II Weight Management	122	Contracts and grants committed until

adults		31 March 2017.
Community Weight Management and other community development initiatives	250	For community health development initiatives and weight management.
Smoking cessation and tobacco control programmes	475	Range of services commissioned through GPs, pharmacies and through NELFT. Contract committed until 31 March 2017
Children 5-19	1,300	School nursing service via NELFT, includes mandated National Childhood Measurement Programme. Significant savings negotiated this year for 2015/16 and 2016/17. Contract committed until 31 March 2017.
Adult Health Checks	329	Mandated Service. Have already negotiated significant savings in year. Contract in place until end of June 2016.
Breast feeding and parenting support programmes	432	Notice served – main contract ends 31 August 2016. 0-5 service review in process.
Sexual Health, contraceptive advice, Genito-Urinary Medical Services, chlamydia screening	1,883	Contracts in place with NELFT, BTUH, SHUFT, GPs until March 2017. Significant savings already made on contracts.
Library and other Evidence Based Services	12	Contract in place with NELFT until March 2016.
Occupational Health	160	Core service – under review to see if savings possible.
Placements (adults)	250	Support for placements / re-ablement contracts. Resource committed.
Prevention programme – LACs; Early Offer; reablement; independent support, Community Champions	1,490	These services have been reviewed recently and were re-prioritised as part of the £ 1.49m cuts taken out of the PHG in 2015/16 already.
Core team including new full time Director post and strengthened capacity to deliver the NHS Core Offer and Health Protection functions.	955	NHS core offer and health protection functions are mandated. Vacancies have been held and temporary (9 month) 'free' PH Consultant capacity obtained as a result of placing a final year PH Senior Registrar from the Eastern Deanary.
Misc. department running costs	21	Committed
Thurrock 100	20	Committed

Community Builders	30	Committed
Corporate Recharges	200	Committed
Total Planned Spend	9489	
Original 2015/16 PH Grant	(8631)	
Carry forward from 2014/15	(867)	This was to take into account those projects that had not yet commenced by 1 st April or ran across financial years and for GUM cross-charging pressures.
(Surplus) Deficit	(9)	

- 3.2 £867K has been carried forward from 2014/15. This has arisen for three main reasons – first of all a number of contracts do not run from 1st April and start mid-way through the year and secondly it has taken the PH team some time to get on top of the contracts passed over from the PCT and understand exactly what the spend and activity levels were for Thurrock. Thirdly, the team were also aware of a number of outstanding sexual health invoices for GUM cross-charging and the increasing pressure cross-charging is placing on the sexual health budget in 15/16.
- 3.3 If the DH were to demand the full £614K of Public Health grant to be returned in year, and PH planned spend were to remain constant, this would leave a deficit of £605K in 2015/16 and an on-going deficit of £1.053M from 2016/17. (see Table 2).

Table 2

	2015/16 £000s	2016/17 £000s
Original PH grant	(8631)	(8631)
Carry forward from 2014/15	(867)	0
Planned spend	9489	9070
Return of 7.4% of PH grant	614	614
(Surplus) Deficit	605	1053

- 3.4 Table 3 suggests additional savings that could be made in 2015/16 to cover the deficit, with their implications. At present we have not been able to deliver the full level of saving due to the late notification and the contracts we are tied into and this has been reported to the Head of Corporate Finance.
- 3.5 A re-procurement exercise for breastfeeding and parenting support failed to attract any new providers. One existing contract has been terminated and 12 months notice has been served on the other with continuation until 31 August 2016. A full service review of the HCP 0-5 will continue throughout 2015 with a stakeholder workshop planned in collaboration with Healthwatch to ensure that commissioning of the 0-5 HCP in the future looks to be as efficient as possible and to minimise the impact of the notice served on this contract. A new service is planned to be procured for 2017 onwards.

Table 3

Programme	2015/16 in year savings £000s	Implications
Halt re-procurement of Community Breast feeding and parenting support programmes	90	One contract terminated with Parents 1st. We have given 12 months notice to the NELFT service for the remaining part of the review of contracts and in light of the 0 -5 funding being transferred over from NHS England to the local authority on 1 st October. This contract will end 31 August 2016.Mitigated by full 0-5 service review.
Halt further investment in Community Health/weight management initiatives	250	Thurrock is ranked sixth worst in England for levels of adult obesity. Reducing investment in this programme reduces our ability to address this complex PH issue.
Adult Health Checks	32	Saving already made in year from procurement exercise.
Reduce staff costs in PH team	59	The retirement of the Head of Public Health provides an opportunity to refocus capacity and skills in the PH team to strengthen the PH Core offer to the NHS, and Health Protection functions (both of which are currently inadequate). Recruitment to the Consultant in PH post could be delayed until March 2016 due to the free temporary resource from the Senior Registrar placement. However this post will need to be filled in 2016/17 if the Council is to have sufficient capacity to full-fill its statutory responsibilities to provide an NHS core offer and health protection functions. As the Senior Registrar does not start until November 2015, it will also place additional short-term increased workload on existing team members.
Reduce funding to in-house Occupational Health service	40	Few as spend on this service in 2014/15 was £40K less than budgeted.
Slippage in Alcohol Detox and Sexual Health Services contracts	34	None.
Total	505	

3.6 If the Public Health grant for 2016/17 remains the same and the 7.4% cut is applied again to Thurrock, this leaves a further £548K deficit, however at present 2016/17 PH grant funding has not been confirmed. There is more

flexibility to re-negotiate and re-commission contracts in 2016/17 as a number of current contracts and grants end at the end of the current financial year.

4. Reasons for Recommendation

- 4.1 The proposed reductions are required in order to deliver the savings required through the cut in the PHG.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 HOSC is being consulted as are our partners in the Thurrock Clinical Commissioning Group.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 This is dealt with in the body of the report. If the cuts proceed it will impact on some of the key priority areas in our Health and Well-Being strategy.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Strategic Resources Accountant

The projected £0.614m reduction in the Public Health grant will require the Council to reduce its level of public health expenditure, as detailed within the report. The Council set its budget in accordance with the grant confirmation given by central government departments, and subsequent alteration to these requires in-year adjustment, which will have a significant impact on the services that can be delivered this year and going forward.

7.2 Legal

Implications verified by: **Daniel Toohey**
Principal Corporate Solicitor

- a. Section 31 of the Local Government Act 2003 provides that a Minister of the Crown may pay a grant to a local authority in England towards expenditure incurred or to be incurred by it; the Minister may determine the amount and the manner of its payment, and the conditions upon which it will be paid;

- b. A broad description of the conditions and purposes of the Public Health Grant is contained within the body of this report;
- c. This report puts forward a number of options in relation to the discontinuance of certain services. Legal services is available to advise and assist in relation to any consultation requirements or processes for contract termination if relevant.

7.3 **Diversity and Equality**

Implications verified by: **Roger Harris**
Director of Adults, health and commissioning

The Directorate will undertake an Equality Impact Assessment on any major reductions that are proposed.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. **Appendices to the report**

- Appendix 1: Thurrock Council Response to the Department of Health's Local Authority Public Health allocations 2015/16 in-year savings consultation.

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