9 June 2016	ITEM: 6
Health and Wellbeing Overview and Scrutiny Committee	
Public Health Grant	
Wards and communities affected: All	**Key Decision:** Non-key
Report of: Tim Elwell-Sutton, Consultant in Public Health	
Accountable Head of Service: Tim Elwell-Sutton, Consultant in Public Health	
Accountable Director: Ian Wake, Director of Public Health	
This report is Public	

Executive Summary

Significant year-on-year reductions have been made to the Public Health Grant given by the Department of Health to Local Authorities. For Thurrock, this amounts to a 9.65% reduction in the grant between 2015/16 and 2017/18. A number of steps have already been taken to ensure financial balance including re-negotiating existing contracts for Public Health services, making savings on staffing, and decommissioning some services. Together, these measures should ensure financial balance in 2016/17.

Looking forward to 2017/18, further planned cuts to the Public Health grant mean that Public Health faces a structural deficit of £342,000 if no further action is taken. Dealing with this projected shortfall will require a combination of service transformation, re-procurement and income generation. The recommended course of action is thought to provide the best opportunity to ensure financial balance within public health, whilst at the same time fulfilling all of its statutory functions and improving the health and wellbeing of the people of Thurrock.

1. Recommendation(s)

1.1 That the Health and Overview Scrutiny Committee note the contents of this report and endorses the measures taken to address the reduction in the public health grant.

2. Introduction and Background

2.1 Since 2013 a ring-fenced Public Health Grant has been provided to all top tier local authorities in order to commission mandated and discretionary Public

Health services. This report sets out the impact of reductions to the Public Health Grant for Thurrock in 2016/17 and 2017/18.

2.2 Public health services which local authorities are mandated to provide include:

- Appropriate access to sexual health services
- The National Child Measurement Programme
- NHS Health Check Assessments
- Appropriate public health advice to NHS commissioners (the 'core offer')
- Health Protection: the duty to ensure that there are plans in place to protect the health of the population and control serious communicable disease.

2.3 Other Public Health services, which are discretionary, but which improve and protect the health of the local population include:

- Public health services for children and young people (e.g. health visiting and school nursing)
- Tobacco control and smoking cessation services
- Alcohol and drug misuse services
- Obesity prevention programmes
- Physical activity promotion
- Public mental health services
- Supporting, reviewing and challenging NHS England immunisation and cancer screening programmes
- Reducing the public health impacts of environmental risks

2.4 Since 2015 significant cuts have been applied to the Public Health Grant by the Department of Health. This included an in-year budget cut announced in June 2015, which amounted to a 5.2% reduction in Thurrock's Public Health grant and applied to the financial year 2015/16. Further cuts were made for 2016/17 and 2017/18 amounting to £2,034,852 over the two-year period.

Table 1

Year	Allocation (£s)	Variance from 2015/16 baseline (£s)	% reduction in grant from 2015/16 initial allocation
2015/16 baseline	12,543,426[1]	0	0
2015/16 'in year' reduction	11,888,108	-655,318	-5.22%
2016/17	11,619,000	-924,426	-7.37%
2017/18	11,333,000	-1,210,426	-9.65%

[1] Figure adjusted to account for FYE of additional award to cover the cost of 0 to 5 commissioning responsibilities inherited from NHS England from October 2015

2.5 Most Public Health spending is committed to commissioning what historically were classed as NHS clinical treatment services (see Table 2 below): the 0 to19 care pathway, drug and alcohol treatment services, and sexual health services. Most of these contracts were inherited from South West Essex PCT and hence are NHS standard contracts which run until March 2017, with a 12-month notice period. This means that Thurrock Council is unable to exit them prior to this date without incurring significant financial liability, including redundancy costs.

2.6 In addition to these contracts, a proportion of the Public Health Grant amounting to £1,750,001 is used to support Thurrock Council services including: occupational health; adult social care placements, equipment and supported living contracts; Children's Centres and the Early Offer of Help; and corporate recharges.

2.7 A number of steps have been taken to ensure that Public Health spending remains within budget. In particular, the Public Health team has negotiated changes to contracts with our service providers (especially the North East London Foundation Trust and AdAction) which have resulted in agreements to significantly reduce the cost of existing contracts. The provider organisations have shown considerable flexibility and good will but the opportunities to make further reductions in this way in future are limited.

2.8 The Director of Public Health (DPH) has also stopped all discretionary spend and decommissioned services where there is no financial liability or where financial liability is negligible in comparison to the contract value. He has also deleted four posts from the current Public Health establishment through not filling vacancies.

2.9 In addition, Directors Board agreed in March that funding of the Council's Occupational Health Service would no-longer be met from the Public Health Grant.

2.10 In addition, Directors Board agreed in March that funding of the Council's Occupational Health Service would no-longer be solely met from the Public Health Grant.

2.11 Taking into account all of the above actions and contract agreements, we project a £135,998 structural deficit for the Public Health Grant in 2016/17. This will be covered by a carry forward of £366,852 from 2015/16.

Table 4

Service/Programme	2015/16 baseline (£'000s)	2016/17 programmed spend (£'000s)	Cash releasing savings (£'000s)	% reduction	Mechanism	Impact / Comments
Drug and Alcohol Treatment	1,416	1316	100	7.06%	Contract renegotiation within term	No impact on levels of service delivered. 3% contract savings made in 15/16 which carry forward into 16/17. Provider has agreed to absorb the staff costs of Dual Diagnosis worker previously paid for from the PHG, and all prescribing and dispensing costs of the service
Children's Weight Management	234.5	223.5	11	4.69%	Decommissioning	All tier 1 child weight management community grants have been stopped
0 to 5 Public Health Nursing (Mandated)	3,888.05	3663.57	224	5.77%	Contract renegotiation within term	Some reductions in Health Visiting service KPIs have been agreed as part of the negotiation
5 to 19 Public Health Nursing	1,358	1,000	358	26.36%	Contract renegotiation within term with service reduction	Final saving achieved from negotiated reduction from the long-term work of the team on service benchmarking and remodelling with the Benson Model, new service model commenced in September 2015. Preventative mental health pilot has been decommissioned.
Community Mums and Dads	300	125	175	58.33%	Decommissioning	Service will cease in September 2016. Public Health are working with NELFT to remodel 0 to 5 service provision to ensure breast feeding continues to be supported
Parents First (Breast Feeding Support)	80	0	80	100.00%	Decommissioning	Decommissioning of a third sector organisation providing services that were duplicating other commissioned programmes
Adult Weight Management	122	114	8	6.56%	Decommissioning	The majority of Tier 1 community Adult Weight Management grants have not been renewed.
NHS Health Checks (Mandated)	329	253	76	23.10%	Contract re-negotiation within term with service reduction	Extension of contract negotiated alongside savings reductions. Reductions to payments to GPs and Pharmacies agreed. Underperformance in 15/16 to funding on a cost per case to be returned in 16/17.
Tobacco Control	467	392	75	16.06%	Contract re-negotiation within term with some service reduction on 4 week smoking quit numbers	Service benchmarked and transformed, with a negotiated reduction. New service is moving to more preventative model, with open access Stop Smoking Service and targeted work at patients with early onset smoking related ill-health. KPIs on service targets reduced as a result of cost saving. Underperformance in 15/16 to funding on a cost per case to be returned in 16/17.
Sexual Health Services (Mandated)	1657.45	1775.21	-118	-7.10%	Contract re-negotiation within term with some decommissioning *	Benchmarking and service transformation to an integrated sexual healths service led to £500K savings in 2015/16. The increase in budget from 2015/16 to 2016/17 has been caused by SH cross charging from London Providers, with which TBC are currently in dispute. Further savings have been achieved for 2016/17 be decommissioning Routine Cervical Screening by the provider which is already provided within GP practices
Community Health Improvement	190	0	190	100.00%	Decommissioning	The community grants and initiatives programme has been suspended.
TOTALS	**10,042**	**8,862**	**1,180**	**11.75%**		

* spend on sexual health has increased as a result of a significant increase in cross charging activity between from London Boroughs on a cost per case basis. (See below)

3. Issues, Options and Analysis of Options

3.1 The measures taken to date should ensure that Public Health does not overspend its Grant in 2016/17, though this will only be made possible by relying on a carry forward. Further reductions to the Public Health Grant in 2017/18 mean that we face a structural deficit of £342,000 if no further action is taken.

3.2 In addition to budgetary pressures, the DPH inherited a structure and staffing establishment that was not fit for purpose. In particular, the Council was not delivering a core offer to NHS Thurrock CCG (a mandated service), nor was it

able to discharge its statutory Health Protection duties due to a lack of appropriately trained senior staff.

3.3 Future development of the Public Health function, therefore, needs not only to results in financial sustainability but also ensure that all statutory functions are carried out successfully.

3.4 Attempting to make further savings through reducing the value of existing contracts is unlikely to be successful, given how much has already been cut from these contracts. Therefore, this is not a viable option.

3.5 The option being pursued by the DPH is to undertake a fundamental review of commissioning priorities. There are likely to be significant opportunities to deliver savings by transforming and integrating services between Public Health, other areas of the council and the CCG.

3.6 The DPH has, therefore, requested that the Public Health Leadership Team serve notice on all existing contracts and start a re-procurement process with a view to putting new contracts in place in 2017/18 at a value that covers the projected deficit.

3.7 The DPH is also about to go out to consultation on a new Public Health team structure. The new structure will boost senior capacity to ensure that statutory functions are fulfilled and to provide sufficient capacity to undertake the redesign and re-procurement of commissioned services.

3.8 Additionally, work will commence in 2016/17 to develop income-generation by marketing the specialist skills of the Public Health team in data analysis, health economics and risk modelling to outside organisations.

3.9 Through this combination of service transformation, re-procurement and income generation, the DPH believes it will be possible to cover the currently projected £342K structural deficit for 2017/18.

4. Reasons for Recommendation

4.1 The recommended course of action is thought to provide the best opportunity to ensure financial balance within public health, whilst at the same time fulfilling all statutory functions and improving the health and wellbeing of the people of Thurrock.

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

5.1 This report has been considered by Directors' Board and the Adults, Housing and Health Departmental Management Team.

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

6.1 The actions set out in the report aim to ensure that the Council is able to fulfil its statutory Public Health duties and to improve the health and wellbeing of the people of Thurrock.

7. Implications

7.1 Financial

Implications verified by: **Jo Freeman**

Management Accountant Social Care & Commissioning

In the context of significant year-on-year cuts to the Public Health Grant, the actions set out in this paper are designed to ensure that Public Health spending stays within the limits of the Public Health Grant.

7.2 Legal

Implications verified by: **David Lawson**

Monitoring Officer and Deputy Head of Legal

There are no direct legal implications at this stage.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**

Community Development and Equalities Manager

There are no direct diversity implications arising from this report.

Public Health Services are generally designed to reduce health inequalities and this will be taken into account in all the service re-design work outlined in this paper.

The Council will have due regard to the Equality Act 2010 when there are any major proposed actions or schemes for the reduction of air pollution in Thurrock.

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

The restructure of the Public Health team will have some impact on staffing, though the overall capacity of the team will be increased.

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

- None

Report Author:

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