Department of Health

As part of wider Government action on deficit reduction, the Department of Health (DH) has been asked to deliver savings of £200 million in 2015/16 through reductions to the Public Health Grant to local authorities (LAs). This consultation sets out possible options on how the £200 million savings might be spread across LAs and asks three questions on how they can be delivered most fairly and effectively.

Question 1:

Question 1:
Do you agree with DH's preferred option (C) for applying the £200 million saving across LAs? If not, which is your preferred option?
Please tick your preferred option or describe an alternative :
A
B
C
D

London Councils' response

London Councils does not have a preferred option for making the £200 million reduction in public health budgets and we argue below that public health funding should not be cut. If cuts are made, all boroughs will be hit hard, whichever option is chosen.

If cuts have to be made, individual authorities will have views on whether any option is better than any other in their particular circumstances, and will submit individual responses making these points.

London Councils would urge that any decision on whether and how cuts are to be made is communicated to local authorities as soon as possible, to try to lessen the effects of continuing doubt and uncertainty in public health provision.

Option D: Additional information on local needs

London Councils' comments on local needs and public health are made in the next section called 'Other comments'.

Other comments:

Public health funding should not be cut

1. London Councils believes that, rather than being cut, public health funding overall needs to increase. There is a clear inconsistency in the Government's treatment of the wider NHS budget and the local government public health budget, despite the local government budget being used to commission NHS providers and services.
2. Identifying financial savings in public health may give short-term benefits to the public purse, but has a significant impact on health and will therefore increase costs in the long-term. Cutting the public health grant is completely at odds with NHS England's vision of "a radical upgrade in prevention and public health", as outlined in the Five Year Forward View. A cut to prevention and public health in Local Authorities does not save money in the long-term, nor will it be achieved without increasing demand and costs for the NHS and Adult Social Care.
3. A significant proportion, estimated by the Association of Directors of Public Health to be between 40 and 80 per cent, of public health funding is spent on NHS services, and thus a cut to the public health budget risks increasing NHS cuts.

4. An example of the savings to the NHS which local authorities already make through their preventative work in public health, and which may be lost if public health cuts are implemented, is the London Borough of Greenwich 'Stop Smoking' programme. On current figures, with a total of 3,307 smokers quitting per year, the programme returns £5.09 for every £1 invested. This programme delivers a wide range of health benefits to the public, savings to both NHS and social care budgets, and overall benefits the economy in terms of increased employment income, and reduced sickness benefits.

5. Under the Health and Care system, CCGs and local authorities work together to plan and buy services for their local community. This is intended to achieve better care for patients, designed with knowledge of local services and commissioned in response to their needs. Following the proposals to cut the public health budget, London Councils is receiving feedback from boroughs that CCGs now believe that if they pool their resources with their local authority to jointly commission services, those resources will become vulnerable to cuts. CCGs are therefore becoming reluctant to engage in joint commissioning, with the potential effect that care becomes split and fragmented and results in poorer patient outcomes.

Particular issues for London

6. Failing to appropriately fund local authority public health will have significant repercussions on progress in increasing prevention and early intervention.
7. London has a unique set of public health pressures because of its complex demography. Public health allocations are still significantly affected by the past prioritisation decisions of the NHS before the function was transferred – resulting in a wide range of per head allocations (£39 to £212 across London in 2015-16 prior to

the cut). They do not reflect the need for mandated (prescribed) services boroughs must provide, which form a greater proportion of the public health spending in London compared to the rest of England. In 2014/15 mandated services in London comprised made up 45 per cent of the public health expenditure compared to only 38 per cent across the rest of the country.

8. If public health budgets are cut, London will be impacted disproportionately, leaving boroughs with even less to spend on non-mandatory services. Boroughs will have no choice but to pass these cuts on to providers, which will unavoidably impact on the NHS.
9. More than a fifth of the national cuts will be made in London, including:
    - £40m of cuts to public health budgets in London, if the flat 6.2 per cent cut is chosen
    - The cuts will disproportionately affect the poorest boroughs, with seven of the top ten authorities which would lose the most being London boroughs
    - Almost 30 per cent higher cuts per head for the average Londoner compared with England as a whole.
10. London has some of the most deprived communities in the country – the most recent figures available from the Department of Communities and Local Government show that on deprivation measures of concentration, extent, income scale and level of employment, 10 of the 20 most deprived boroughs in England are in London. There is a clear link between poor public health and deprivation, and by making improvements in public health, the aim is to improve the health of the poorest fastest. Across the board cuts to public health will disproportionately affect those who are most deprived. Research also suggests that flat rate cuts will hit hardest on boroughs with a higher concentration of residents from black and ethnic minority backgrounds, potentially breaching the Equality Act 2010 which lists race as a 'protected characteristic'.

Likely problems with the 0-5 transfer

11. From October 2015, the duty to commission health visiting and, in some boroughs, Family Nurse Partnerships, for 0-5 year olds transfers to local government. Currently, this health visitor budget is protected, but once it transfers, it becomes vulnerable to cuts. There is a very real risk that the proposed cuts will affect the safe transfer of contracts, some of which are yet to be signed for 1st October 2015, and to the sustainability of the Government's Call to Action target for London.
12. Forcing this reduction mid-year puts at risk the new jobs created through the previous Government's Call to Action investment and makes it likely that, by the end March 2016, there will be fewer Health Visitors in London than that there were when the Prime Minister announced his achievements in 2015. As well as being detrimental to the health of London's children, this is a real risk to the income and financial security of NHS providers in the capital. The value of the London share of the cut is likely to absorb the investment in additional health visitors (approximately £40m) and create a zero sum gain for London's children at the end of the investment programme.
13. This proposed cut further compounds the impoverished position of health visiting in London. The Department of Health, in determining the financial allocations for the transfer of commissioning, recognised that some local authorities were in a clearly

disadvantaged position under a measure of spend per head of under 5 population. In order to mitigate the inequality this created for children in England, the Department of Health applied a new funding floor. It must be noted by the Department of Health that 10 of the

14. 11 local authorities which fell under the new floor and which were therefore provided with additional financial support as part of their allocation were London boroughs. In this context, where one third of London boroughs were operating below the Department's own view on a minimum funding per head, this in-year cut is potentially both damaging to the health of London's children and a real risk to the resilience of health services which will in future be commissioned by local authorities who accepted the transfer on the understanding of a Departmental commitment to minimum funding which is now being dismantled.

Difficulties with budgeting if cuts are implemented

15. Local Authorities have carefully planned public health budgets and development based on their local knowledge and understanding. They have entered into contracts on the basis that funding will be available and have planned accordingly. Perceived underspends, which are seemingly being identified by government as evidence of bad planning on the part of local authorities, and therefore used to justify public health budget cuts, are in fact not underspends but show that local authorities are planning their budgets properly over a number of years. Local authorities are being penalised for budgeting prudently rather than spending the remainder of budgets in the last few weeks of the tax year to avoid any claw-back; fiscal competence is ostensibly being punished.
16. If there is to be an in-year reduction in public health grants, it becomes even more imperative that local authorities are given maximum flexibility in how they choose to spend their public health grant. For 2015/16, the public health budget is already ring-fenced. We ask for the ring fence to be removed immediately, in order to give local authorities maximum flexibility to budget according to their local needs. It is unreasonable to maintain the ring fence to stop LAs 'interfering' with public health monies and then to arbitrarily cut the grant and expect local government to sort out the consequences.
17. Evidence must be used when making funding decisions. Success in terms of efficiencies and value for money cannot act as a disincentive for effective budget-management.

Health Premium Incentive Scheme

18. London Councils believes the Health Premium Incentive Scheme is too small-scale (£5m) to provide a meaningful incentive and it cuts across local prioritisation with its ability to reflect the needs of different communities. We therefore call for the abolition of the Scheme and for the £5m funds to be reallocated back into public health grants.

Public health funding for 2016/17 onwards

19. It is essential that local authorities are given sufficient funding in future years to continue to meet their new public health responsibilities and to be able to fully address any additional responsibilities. London Councils therefore calls on the government to reinstate the £200 million funding into the 2016-17 baseline if cuts do proceed in 2015-16.
20. We urge the government to clarify what will happen to public health budgets for 2016/17 onwards as soon as possible. Local authorities need to be able to plan their future work and will be examining their budgets for 2016/17 in the autumn to discuss the contracts into which they may need to enter.
21. London Councils asks for the ring fence to be removed immediately, in order to give local authorities maximum flexibility to budget according to their local needs. If a decision is taken to retain the public health budget ring fence for 2016/17, London Councils calls for future public health funding increases to be tied to those of the NHS, that is, match annual percentage increases. In return, we would be prepared to see the continuation of the public health ring-fence for the duration of such an agreement.

Question 2: How can DH, PHE and NHS England help LAs to implement the saving and minimise any possible disruption to services?

London Councils reiterate the points that:

- If there is to be an in-year reduction in public health grants, local authorities must be given maximum flexibility in how they choose to spend their public health grant, according to local need. We therefore ask for the ring fence to be removed immediately. It is unreasonable to maintain the ring fence to stop LAs 'interfering' with public health monies and then to arbitrarily cut the grant and expect local government to sort out the consequences.
- Local Authorities have carefully planned public health budgets and development. They have entered into contracts on the basis that a set amount of funding will be available and have planned accordingly. Reneging on such contracts may well prove impossible and/or very costly. In addition, the cuts will affect the new responsibilities to be taken on by local authorities from October under the 0-5 transfer. We are concerned that the proposed cuts will affect the safe transfer of contracts and the sustainability of the Government's Call to Action target for London
- Any decision on whether and how cuts are to be made must be communicated to local authorities as soon as possible, to try to lessen the effects of continuing doubt and uncertainty in public health provision
- The government must clarify what will happen to public health budgets for 2016/17 onwards as soon as possible. Local authorities need to be able to plan their future

work and will be examining their budgets for 2016/17 in the autumn to discuss the contracts into which they may need to enter.

Question 3: How best can DH assess and understand the impact of the saving?

The Department of Health states that it welcomes proposals to assess and understand the impact of any cuts in the public health budget.

London Councils stresses that it is imperative that the Department of Health and the Treasury appreciate the impact of any saving in local authorities' public health budgets. To do this, we urge that the following research takes place:

- survey Directors of Public Health and other key stakeholders, such as Public Health England (London) to fully identify the impact of any savings;
- commission research to assess how any savings will impact more harshly on the most deprived boroughs, and on how the savings will impact on boroughs with a higher population of black and ethnic minority residents; and
- gather and disseminate evidence into how preventative work carried out through local authority public health functions saves money for the NHS and improves public health in the longer term, and the resultant impact on these outcomes following cuts in the public health budget. Such evidence should be clear from the Public Health Outcomes Framework.

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