

**Health & Adult Social Care Policy & Scrutiny
Committee**

29 March 2017

Report of the Public Health Grant Spending Scrutiny
Review Task Group

Public Health Grant Spending Draft Final Report

Summary

1. This report provides the Health & Adult Social Care Policy & Scrutiny Committee with all the information gathered in support of the scrutiny review into Public Health Grant Spending, together with the review analysis and draft recommendations.

Background

2. On 1 April 2013 responsibilities for Public Health were transferred from the NHS to local authorities with implementation of the Health and Social Care Act 2012. Local authorities receive an annual ring-fenced public health grant from the Department of Health which has a core condition attached that it should be used only for the purposes of the public health functions of local authorities. The local authority statutory duties for public health services are mainly outlined in the Health and Social Care Act 2012 legislation which include a duty to improve the public's health through mandated and non-mandated functions. There are additional regulations for the use of the grant for delivery of mandated 0-5 child public health services and delivery of services for alcohol and drug treatment.
3. At a meeting in June 2015 the former Acting Director of Public Health suggested Members might wish to examine, as part of a scrutiny review, how the Public Health Grant to Local Government was spent and in July 2015 the Committee received a scoping report on this topic.
4. The Committee agreed to undertake scrutiny review of expenditure on Public Health Grant, with benchmarking against other local authorities, as this would be feasible and would provide useful information to inform resource allocation decisions. The Committee agreed a Task Group

comprising Cllrs Doughty, Cannon, Craghill and Cuthbertson carry out the review on their behalf.

Aim and Objectives

5. The Task Group meet for the first time in October 2015 when the following draft aim and objectives were agreed:

Aim:

To identify a comprehensive understanding of York's public health outcomes and spend and establish a knowledge base for joint use with the Health & Wellbeing Board.

Objectives:

- i. To examine and compare York's spends and health and wellbeing outcomes against statistical neighbours
- ii. To examine spends and health and wellbeing outcomes of other agencies e.g. NHS England which contribute to the public health of York's residents
- iii. Identify underachieving areas of activity and spend in York requiring further focus

Information gathered

6. The review stalled slightly while revised figures from the Department of Health were confirmed, but in early February 2016 Task Group members received a report Public Health Expenditure and Outcomes (Annex A) which looked at how public health expenditure in the City of York is spent in relation to the public health outcomes achieved.
7. The report also gave an overview of spend and outcomes in York benchmarked against other local authorities. It highlighted that the average spend per head of the population on public health in York in 2014/15 was £38.34, which is lower than regional, national and deprivation group averages.
8. A total of £7.76 million was spent on public health in York in 2014/15 with the biggest areas of spend being sexual health (£2.7 million) and substance misuse (£2.5 million).

9. The breakdown of public health spend (in £ thousands) in 2014/15 was:

• Sexual health	£2,729	35%
• Substance misuse	£2,516	32%
• Miscellaneous public health	£916	12%
• Children 5-19	£714	9%
• Smoking	£305	4%
• Physical activity	£259	3%
• NHS health check	£155	2%
• Obesity	£81	1%
• Public health advice	£72	1%
• Health protection	£17	0%
• NCMP	£6	0%
Total	£7,761	100%

10. Task Group members questioned which services were included in miscellaneous and these include:

- Nutrition initiatives
- Accidents Prevention
- General prevention
- Community safety, violence prevention & social exclusion
- Dental public health
- Fluoridation
- Infectious disease surveillance and control
- Environmental hazards protection
- Seasonal death reduction initiatives
- Birth defect preventions
- Other public health services

11. In York the 12% of public health spend in 2014/15 categorised as miscellaneous is made up of:

- Contribution to adult social care £416,000

- Staffing £392,906
- Dental health contract £43,604
- Soil Association project £41,961
- Share of recharges £20,702

12. The Task Group was disappointed to learn that in early February 2016 the Department of Health confirmed York needed to make further savings in its Public Health budget for 2016/17 of around £70,000. This is in addition to the £508,000 (6.2%) reduction in the city's public health grant allocation in 2015/16.
13. The £508,000 reduction was part of wider Government action on deficit reduction which saw the 2015/16 public health grant to local authorities reduced by £200 million.
14. In 2015/16 the total grant awarded to local authorities amounted originally to £2.8 billion, supplemented by a further £430 million when responsibility for services for children aged 0 – 5 transferred to local authorities from NHS England on 1 October 2015.
15. The further reduction followed the Chancellor's 2015 Autumn Statement which confirmed that Local Authority funding for public health would be reduced by an average of 3.9% per annum in real terms until 2020. This equates to a reduction in cash terms of 9.6% over the same period¹.
16. From a 2015/16 baseline of £3.461 billion (which includes the full year equivalent of the budget for children aged 0-5 and the effect of the in-year saving of £200 million) there was a reduction in the total grant of 2.2 per cent in 2016/17 and a further reduction of 2.5% in 2017/18.
17. While the figures in paragraphs 7-9 and paragraph 11 have been compiled using 2014/15 actual expenditure the Public Health budget is undergoing considerable change. Some key changes in York for 2015/16 were:
 - There was a part year increase in grant funding due to the transfer of the commissioning of 0-5 years children's public health services from NHS England to local authorities from 1st October 2015 (£916k).
 - There was an in-year grant cut of 509k

¹ Department of Health Local Authority circular 11 February 2016 which set out allocations of the local government public health grant for 2016/17.

- The net impact of the two changes was that the public health grant increased by £407k made up of Children's 0-5 funding (£916k) less the in-year grant cut (£509k).
- There were new items of expenditure: children's 0-5 services (901k); air quality contribution (50k); health protection (12k); housing officer (10k) and suicide prevention (9k).
- There were some reductions in expenditure: tender of sexual health contract saved £549k; end of pharmacy contraception service saved £28k and end of funding for Soil Association project saved £42k (this was a one off project in 2014/15).
- There were some items where existing expenditure increased including staffing (£27k - due to restructure, net figure reduced by vacancies) and Sky Ride (£27k – increased contribution in 2015/16).

18. At a Task Group meeting in March 2016 Members noted that the in-year budget cut of 6.2% in the 3rd quarter of 2015/16 – a total of £509,000 – was largely absorbed by staff vacancies; lower than expected levels of activity in some services and halting planned developments in substance misuse. Budget cuts for 2016/17 of 6.2% and a further 2.2% amounted to £708,000 meaning CYC has lost more than £1.2million of its Public Health budget.

Overview of Public Health budget 2016/17

Public Health Service Area	Budget Allocated (rounded up)
Sexual health and contraception	£1,707,500
Drug & alcohol treatment and recovery services	£2,542,657
Healthy child service (health visiting and school nursing)	£2,400,000
Integrated wellness service	£665,640
Dental health	£10,000
Infection prevention and control / health protection	£50,000

Internal grants to other CYC teams	£466,000 (Adult Social Care & Public Protection)
Core CYC public health (pay and non-pay)	£830,000 (including staff training and some software in CYC services)
Total	£8,697,097
Income	Public Health grant – £8,400,000 CYC sports and active leisure – £293,000 East Riding Council health visitors – £44,000 Police & Crime Commission (PCC) – £76,421 Youth Offending Team (YOT) – £28,000
Total deducting income	£8,255,675 (leaving £144,325 unallocated as a contingency for one-off costs associated with TUPE transfer of Healthy Child Service)

19. In order to deliver a balanced public health budget it has been necessary to make changes to commissioned public health services. These changes are detailed in the following paragraphs.

20. **Sexual Health & Contraception**

Background

- Sexual health and contraception services were re-commissioned via competitive tender in 2015 – City of York now has an integrated sexual health and contraception service
- But still had old PCT primary care contracts and expensive out-of-area treatment costs.

Changes for 2016

- Budget saving of £400,000 made

- Ended primary care contracts and renegotiating joint commissioning with CCG to only pay CYC costs
- Agreed on regional basis CYC will only pay national tariff for out of area genitourinary medicine (GUM) and not pay for contraception

Risks

- Out of area costs cannot be accurately predicted at start of year
- Prescribing cost in primary care.

21. **Drug & Alcohol Services**

Background

- Contracts date back four years. Originally commissioned for three years and contracts extended for two years to 31st March 2017
- Included primary care contracts of varying quality
- High prescribing costs

Changes for 2016

- £15,000 budget savings to come out of 2016 – working with providers to reduce costs
- Council agreed transitional funding of £26,000 for carers
- Commissioning intention is to go out to competitive tender with the award of a new contract to start in July 2017 with reduced budget.

Risks

- Unable to predict levels of activity at start of year e.g. inpatient detox, prescribing
- We may be unable to award a new contract if value is set too low. Might fail to attract suitable bidder
- Partner expectations of what CYC will fund e.g. Probation, North Yorkshire Police, CCG

22. **Healthy Child Service**

Background

- Responsibility for 5-19 Healthy Child Programme (school nurse and National Child Measurement Programme) transferred to local authorities in April 2013
- Responsibility for 0-5 Healthy Child Programme transferred to local authorities in October 2015

- In August 2015 CYC Executive made a decision to develop in-house integrated Healthy Child Service 0-19 and TUPE staff.

Changes for 2016

- More than 90 NHS staff transferred from York Teaching Hospital to CYC on 1 April 2016
- Consultation planned on new integrated service in partnership with work on developing a new operating model for early intervention and prevention services
- Model for new integrated Health Child Service to be agreed for implementation from June 2017 and this is on schedule.

Risks

- Anticipate a budget overspend non-recurrently for 2016/17 due to one-off transition costs
- No budget savings proposals for 2016/17 but there are anticipated efficiencies that need to be made

23. Integrated Wellness Service

Background

- Stop smoking service and NHS Health Checks commissioned as separate services until 31 March 2016
- No public health funded activity taking place on mental and emotional wellbeing, weight management prior to 1 April 2016
- Sport and active leisure a separate arms length service sat within public health team

Changes for 2016

- New service to include smoking, NHS Health Checks, physical activity, healthy eating, mental wellbeing, alcohol prevention
- Life course approach (starting well, living well, aging well) working with communities
- Developing tier 3 prevention services in partnership with CCG
- Changes to universal service offer to residents for stop smoking and NHS Health Checks – new focus will be on residents taking more responsibility for own health with interventions targeted to a risk group to reduce health inequalities
- Changes to funding of Nicotine replacement Therapy to deliver savings of £50,000

- Changes to NHS Health Checks to deliver savings of £45,000

Risks

- New service will not be fully operational until early 2017 so there will be a service gap, except for stop smoking which will continue
- Transition from old service to the new and expectations of partners
- Risk of complaints until new service is fully established

24. **Dental Health**

Background

- CYC inherited a joint York and North Yorkshire contract from the NHS in April 2013
- Health needs assessment and service review undertaken in 2015
- Current service not delivering desired health outcomes or value for money
- Contract ended on 31 March 2016

Changes for 2016

- New service commissioned jointly by NYCC and CYC to reduce budget
- Focused on mandatory dental surgery
- Health promotion on good dental hygiene to be incorporated into new Healthy Child Service
- Delivering savings of £20,000

Risks

- Embedding health promotion into Healthy Child Service during a period of change
- Failure to reduce hospital admissions for tooth extractions under general anaesthetic in children

25. **Infection Prevention & Control / Health Protection**

Background

- Responsibilities of local authorities for IPC and health protection unclear during and after the transfer of public health to local authorities on April 2013

- CYC has worked with NYCC, North Yorkshire CCGs, NHS England and Public Health England to undertake a review of current service provision and agree roles and responsibilities
- Review completed in February 2016

Changes for 2016

- New IPC service commissioned on a North Yorkshire and York footprint
- CYC is an associate commissioner in this contract
- Investment made into the contract and a small contingency budget set aside for responding to disease outbreaks
- Developing additional health protections expertise in the CYC public health team to ensure all risks are managed and CYC is prepared to respond to disease outbreaks

Risks

- Disease outbreaks cannot be predicted. Therefore CYC needs sufficient capacity for planning and response. Capacity will be limited even with the changes being introduced.

26. **Health Promotion Campaigns**

Background

- CYC Public Health has not had a planned or co-ordinated to health promotion campaign to date
- Campaigns have been ad hoc and based on national, rather than local, priorities
- There has been no dedicated public health resource for campaigns

Changes for 2016

- Budget has been allocated with the aim of developing a 12-month rolling programme of campaigns linked to local priorities
- Aim is to involve elected members in supporting campaigns in the wards

Risks

- Engaging people in delivery of the campaigns
- Evaluating the impact

27. Internal Grants to other CYC teams

Background

- CYC Public Health has historically made a contribution to adult social care and public protection teams in the council
- It is not clear what impact this contribution is having on health and wellbeing outcomes

Changes for 2016

- Work is to be carried out with adult social care and public protection to understand the services being provided with public health grant monies and evaluate the impact
- A decision can then be made on future funding

Risks

- Engaging other CYC colleagues
- Understanding the impact if public health grant funding were to be withdrawn

28. Since the beginning of the review a number of issues related to public health spending have been considered by the full Health & Adult Social Care Policy & Scrutiny Committee.

Healthy Child Services

- In January 2016 the Committee received a report informing them that as of 1 April the Council would take on responsibility from the School Health Team from York Teaching Hospital NHS Foundation Trust.
- In July 2016 the Committee received an Update Report on the transfer of health visiting, school nursing and the National Child Measurement Programme from York Teaching Hospital NHS Foundation Trust to City of York Council and progress with the development of a new Healthy Child Service.
- In January 2017 the Committee received a further Update Report which noted that a number of efficiencies were being realised.

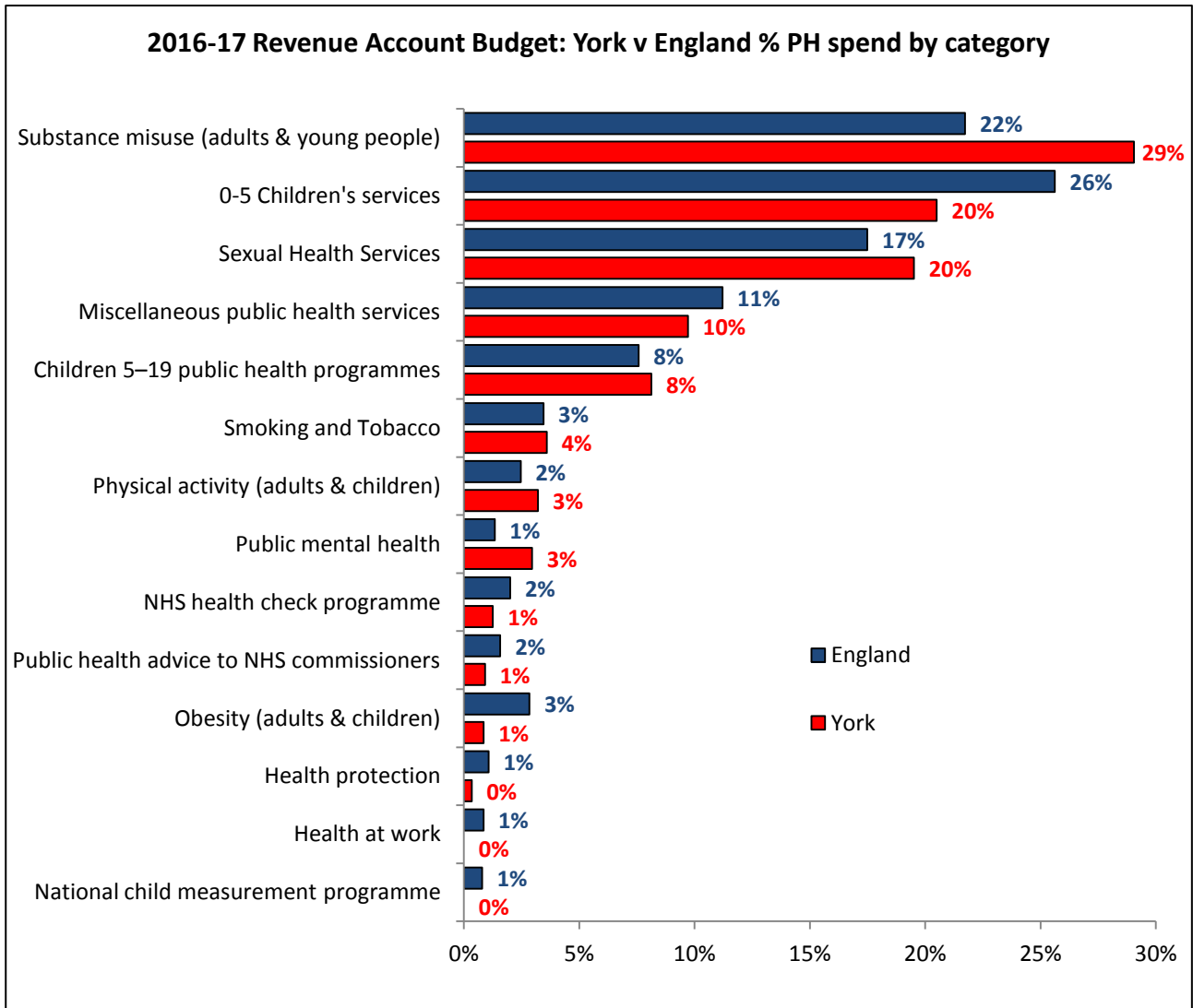
Substance Misuse

- In July 2016 The Committee considered a pre-decision report on the re-procurement of Substance Misuse and Treatment and Recovery Services prior to an Executive Decision being made. The

Committee asked Officers to review the savings proposals for the new contract. The original proposal was to make the bulk of the savings in years 1 and 2 of the new contract. In discussion, the Committee agreed to recommend that the savings be spread more evenly over the length of the contract to minimise the impact of budget cuts through the transition to the new service and reduce the risk to existing customers through the change. As a consequence it was agreed by Executive that the reduction will be phased in over a 5 year period.

29. The Task Group met again in mid November 2016 when members were given updated information of public health spend. The Task Group noted that:
- Substance Misuse accounts for 29% of all Public Health spend in York against the 22% England average.
 - In 2014/15 Sexual Health accounted for 35% of the Public Health spend in York (which at the time did not include 0-5 children's services). The comparable percentage in 2016/17 is 25% (sexual health spend out of the public health budget excluding 0-5 children's services) so the sexual health budget had been reduced considerably.
 - Sexual Health accounts for 20% of all Public health spend in York against the 17% England average
 - 0-5 children's services account for 20% of all Public health spend in York against the 26% England average.
30. The Task Group noted that the phased reduction in the new Substance Misuse contract will bring York into line with the national average. Going forward the recommended assessment of the impact of changes on residents' lives will evaluate the appropriateness of the national average spend in York.
31. It also accepted that as York has two major universities it has a higher proportion of residents in the 18-24 age bracket so a higher percentage spend on sexual health is entirely appropriate compared to other local authorities. It was also noted that since 2013 CYC had been funding Clinical Commissioning Group (CCG) services, but that extensive negotiations with CCG had resulted in an agreement that they took responsibility for some of these costs.

Percentage breakdown of public Health Spending by Category: York v England using 2016-17 Revenue Account Budget



32. The Task Group accepted that CYC has a savings profile and most of the savings are already planned. This was a case of effectively pruning budgets and looking at ways to deploy resources effectively.
33. And they noted the importance of partnership working. If the Council can adopt a leadership and partnership approach it can lever in additional activity.
34. Members were informed that Public Health England had published a toolkit around Health in All Policies which focuses on specific public health issues such as obesity or mental wellbeing. It was agreed that public health is not just about health care and that work around prevention is increasingly important. Increasing rates of physical activity,

stopping smoking, reducing alcohol consumption, reducing the effects of environmental pollution, improving housing conditions and raising the importance of a healthy, balanced diet have important parts to play in improving physical and mental health.

35. It was suggested that partnership working to achieve some of these goals could be linked to the aspirations of One Planet York. One of the 10 principles of One Planet York is to encourage active, sociable and meaningful lives to promote good health and wellbeing.
36. One Planet York notes that: *“where people live and their lifestyle can have significant impacts on their health and wellbeing. Overall health across the city is good, but disparities in outcomes do exist: there is a gap of over six years in male life expectancy between the most and least deprived areas of York.*
37. *Ongoing budget pressures alongside growing demands require a significant change in the way services are planned and delivered. Strong partnerships, effective prevention and early intervention will be vital.*
38. *A sustainable city is one that works to narrow health inequalities, enabling people to achieve and maintain healthy lives. It is important we give people the tools to enable them to be resilient, have good physical and mental wellbeing and feel well connected as part of their local community.”*
39. The Task Group agreed that because of the financial challenges, demand on services and the size of public health budgets there was a need to strengthen joined-up working across different parts of the system and develop a whole council approach to help make best use of resources and formulate policies with the key aim of improving the quality of life for the local population.
40. The finance and performance monitor report considered by the Health & Adult Social Care Policy & Scrutiny Committee in February 2017 noted that within Public Health there are net projected overspends on sexual health contracts (+£41k), substance misuse contracts (+£36k) and the healthy child programme (+£31k) due to one-off transition costs relating to the transfer of the school nurse and health visitor staff from York Hospital.
41. These are offset by a projected underspend on staffing of £108k due to vacancies which were held prior to the implementation of the public health restructure.

Options

42. Having considered the information presented in this report Members can:
- Agree any further work that needs to be undertaken to complete this review;
 - Agree the draft review recommendations in paragraph 53 or;
 - Amend the draft review recommendations in paragraph 53 and agree any additional recommendations.

Analysis

43. York has a higher percentage of the population who are aged 20-24 compared with the national average (11.1% v 6.6%) and this may be one of the factors accounting for a greater share of the public health budget being spent on sexual health services.
44. The overall public health spend per head of population is lower in York compared with the national average. If the spend per head of population on individual public health programmes for York is compared with the national average there is only one area where York has a higher than average spend and that is on contraception (£4.93 per head v £3.91 per head nationally). City of York Council public health team have been funding some activity for contraception for medical reasons which should have been funded by the CCG and actions have been taken in 2016/17 to address this anomaly and reduce council spending in this area.
45. For some public health programmes in York where clear service user activity data is available, it is possible to calculate the cost per service user of providing the programme. For example, the cost per service user in structured substance misuse treatment services in 2014/15 was £1,858.20 and the cost per service user for smoking cessation services was £623.26. (This figure should not be confused with the 'cost per quitter' figures provided in previous scrutiny reports. For smoking cessation programmes this is the number of people setting a quit date. When looking at outcomes we would look at the number of people actually quitting smoking. The 'cost per quitter' in York is £887 which is double the national and regional averages.) Actions have already been put in place or are being developed to address any anomalies.
46. The continued pressure of the public health budget means it will be important to improve the performance monitoring of public health

contracts to achieve quality of provision and the best possible outcomes in relation to expenditure.

47. A positive rating for physical health expenditure against the 'active adults' outcome is a good example of public health working with other departments and agencies to achieve good outcomes despite lower direct public health spend.
48. Changes to the public health budget in 2015/16 include new areas of expenditure on children's 0-5 services, air quality, health protection, housing and suicide prevention, whilst there were some savings due to the re-tender of the sexual health contract and ending the pharmacy contraception service.
49. Many of the issues perceived as difficulties when the review was first agreed, such as sexual health contracts, substance misuse contracts and the healthy child programme, have since been resolved.
50. The challenges for the Council in relation to Public Health Grant continue and the Department of Health has announced further cuts to local authority Public Health Grant allocations:

Local Authority Public Health Grant Allocations – cumulative cuts		
Year	% Allocation	Comment
2015/16	6.2% reduction	
2016/17	2.2% reduction	
2017/18	2.5% reduction	
2018/19	2.6% reduction	Ringfence removed
2019/20	2.6% reduction	
2020/21	0%	Government will consult on PH services being funded exclusively by business rates

51. Based on these announcements CYC will have lost £1.6 million from its Public Health Grant allocation by 2020.

Consultation

52. The Task Group has consulted fully with the Director of Public Health during the course of this review and has considered information gathered via the Public Health England Spend and Outcomes Tool (SPOT), which

was able to provide an overview of spend and outcomes for York, benchmarked against other local authorities in England.

Draft Review Recommendations

53. Members of the Health and Adult Social Care Policy and Scrutiny Committee are asked to note the continued challenges on effective delivery of public health services against a background of cuts to the Public Health Grant and:

- i. Request the Director of Public Health undertake a detailed Health Impact Assessment of the anticipated impact on residents with a further report to Scrutiny to help inform the budget setting process for 2018/19 onwards.

Reason: So that the Council can make informed decisions about how best to spend the public health grant to deliver improved public health outcomes for residents when the ringfence is removed in 2018/19.

- ii. Ask the Executive to support the recommendation that the Director of Public Health develop a Public Health Strategy for the City that utilises a “Health in All Policies” approach.

Reason: In recognition of the fact that the Council can only deliver its statutory responsibilities for public health by making the task of improving the public’s health everyone’s business, at the core of the practice of the wider Council workforce whilst also working pro-actively with city partners such as education and voluntary sectors and empowering citizens as partners in improving health and wellbeing at the level of the individual, family and community.

- iii. The CYC Public Health Team are asked to strengthen their management of contracts and oversight of delivery of public health services against clearly defined performance and financial targets.

Reason: So that the Council can be assured of value for money in the delivery of public health services and that the statutory responsibilities for public health are met.

- iv. That the Director Public Health is asked to show the impact of contract management on residents’ lives. It would be useful for a simple summary to show the breakdown of where funding is allocated this year which could be a template for future years, along with specific outcome indicators.

Reason: To ensure that members are assured about the level of contract management, that contracts are delivered against specific outcome indicators and that remedial actions are available if they are not.

Council Plan

54. This report is linked to A Focus on Frontline Services and A Council That Listens to Residents elements of the Council Plan and supports the key strategic goals that all residents enjoy healthy and independent lives and achieve their full potential.

Implications

55. **Financial:** This report is scrutinising financial information.
- **Human Resources (HR):** There are no HR implications
 - **Equalities:** Reducing health inequalities to enable people to achieve and maintain healthy lives is a consideration of this report.
 - **Legal:** There are no legal implications
 - **Crime and Disorder:** Spend on crime and disorder is one of the considerations in this report
 - **Information Technology (IT):** There are no IT implications
 - **Property** There are no property implications
 - **Other**

Risk Management

56. The failure to be able to respond to a reduction in public health budgets while also delivering mandated public health responsibilities is included on the public health risk register rated as a red critical risk. With mitigating actions in place this risk is reduced to an amber medium risk.

Recommendations

57. Having considered the information contained in this report and its annex, members are asked to agree:

- i. Any changes required to this draft final report;
- ii. The draft recommendations listed in paragraph 53 above.

Reason: To conclude the work on this review in line with scrutiny procedures and protocols thereby enabling this report to be presented to a future meeting of the Executive.

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Report Approved Date 20/03/2017

Wards Affected:

All

For further information please contact the author of the report

Background Papers: None

Annexes

Annex A – Public Health Spending and Outcomes

Abbreviations

CCG – Clinical Commissioning Group
CYC – City of York Council
GUM – Genitourinary medicine
IPC – Infection Prevention Control
NHS – National Health Service
NYCC – North Yorkshire County Council
PCC – Police and Crime Commission
PCT – Primary Care Trust
TUPE – Transfer of Undertakings (Protection of Employment)
YOT – Youth Offending Team