

COUNTY COUNCIL MEETING – 23RD SEPTEMBER 2015

REQUESTED POSITION STATEMENT FROM **THE CABINET LEAD MEMBER FOR HEALTH**

The Government's planned £200m reduction in the Public Health specific grant paid to local authorities has the potential to affect this Authority's ability to improve the public's health and wellbeing as well as its capacity to reduce demand for hospital, health and social care services.

Could the Lead Member update members by way of a position statement on the following:

What are the latest assumptions on the financial impact on this authority?

The Government intends to reduce this funding for 2015/16 as part of debt and deficit reduction proposals announced by the Chancellor of the Exchequer on 4th June 2015.

The Department of Health consultation on the in-year budget reduction closed at the end of August. Whilst the Department of Health seems to favour a pro-rata reduction, the Council has argued that this is unfair and has lobbied for the reduction to be applied with consideration to the distance low-funded authorities, such as Leicestershire, are from the target allocation.

Funding for Leicestershire is lower than the cash target produced by the national formula because of the historic underfunding of Public Health in the county when the NHS was responsible for public health. Leicestershire is the 8th (out of 9) lowest funded authority in the East Midlands for public health per head of population, receiving an allocation typically half that of East Midlands Cities and 25% below East Midland County authorities.

However if the £200m saving is applied pro-rata, it would result in a reduction of Leicestershire's ring-fenced grant by an estimated £1.6m (6.2%).

What programmes are at risk of cuts?

This question is somewhat premature as we do not yet know for certain what Leicestershire's share of the reduction will be.

An important factor in determining how the department deals with the reduction is whether this is an unwelcome one off in year reduction or whether it is recurrent, ie, a permanent reduction in the Grant.

At this stage we are planning on this reduction being non-recurrent unless we learn otherwise, with any further announcement depending on the Autumn Statement and Local Government Finance Settlement.

The Public Health Department is currently looking at every line of the current in year spend, to determine the level of savings that can be absorbed and the implications of those savings.

With 64% of the budget tied up in longer term NHS provider contracts and a further 19% in contracts with other providers, the scope for in-year savings is very limited, but already some have been identified through underspends, known contractual and transformational savings and reserves.

What options exist to meet the cuts?

The in-year cut will be met by using reserves, clawing back underspends in planned activity and reductions in the scope of some planned programmes.

If the cut in funding continues into later years the service would need to absorb the full £1.6m reduction. There would inevitably be a significant impact on the capacity to deliver the full range of public health services currently provided including services to treat substance misuse addiction, sexually transmitted infection treatment services, weight management services, physical activity and stop smoking services.

What risk could this funding reduction pose to the work of the Better Care Fund?

As described above, we are seeking to meet the in-year cut by using reserves and clawing back underspends in activity. This will minimise the impact on delivery and the Better Care Fund.

If the in-year cut extended to future years, the capacity of public health services to prevent demand on health and council services, as part of the Better Care Fund and more generally, would be reduced.