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Telford & Wrekin COUNCIL

NHS Telford and Wrekin

Healthy Lives, Healthy People: Update on Public Health Funding

TELFORD AND WREKIN RESPONSE

Introduction

This document summarises the Telford and Wrekin response to the proposals set out in the Department of Health's Healthy Lives, Healthy People: Update on Public Health Funding, published in July 2012. The response has been developed and approved by the Telford and Wrekin Public Health Transition Board, which includes the following as core members:

- Managing Director, Telford and Wrekin Council (PH Transition Steering Group chair)
- Director of Public Health, NHS Telford and Wrekin
- Deputy Chief Executive, West Mercia PCT Cluster (Cluster PH Transition Lead)

Overarching Comments

- It is our view that the commitment to provide adequate funding to Councils for their new public health functions given in the Public Health White Paper, Healthy Lives, Healthy People must operate at a local, rather than a national level. Locally, we know that current spend on public health activities that will transfer to the Council are in the region of £10.4m in 2012/13. However, applying Telford and Wrekin's indicative percentage of national share to the national figure available for public health functions transferring to local authorities of £2.2bn would suggest an indicative figure of around £7.26m for the Council. This clearly falls significantly short of current spend and unless the pace of change is controlled and phased over a long period – at least 10 years as a minimum, unacceptable cuts to local services will have to be made at very short notice.

- Certainty of funding for next year is required as soon as possible as notice to terminate contracts needs to be reasonable – six months notice is considered the norm and yet the grant allocation is not expected until December. It would be very helpful if a guarantee could be provided at an earlier stage that the grant available for next year will not be lower than the current 2012/13 figure reported as part of recent PCT financial returns.

- Councils clearly have the opportunity to make cuts to other services to invest in public health, but given the 28% cuts to local authority grants made in the CSR 2010, the very challenging front loading of many of these cuts in the grant settlements for 2011/12 and 2012/13 together with the uncertainties facing local authority resource levels for future years given the fundamental changes being made to the local government finance system with the localisation of business rates and local support for council tax it would be very difficult for councillors to identify scope to invest additional funding in public health services for next year.

- The Department should ensure that an Equalities Impact assessment is completed that considers the cumulative impact of proposed Government changes on vulnerable groups. For example the changes to public health responsibilities and funding will be introduced at the same time as councils are required to implement a Government cut to council tax benefits and the universal credit is implemented. These changes will all potentially impact on sections of the population that suffer health inequalities and are a further reason that stability of funding for public heath at a local level needs to be guaranteed as soon as possible and that the pace of change should be phased over at least a 10 year period.

Response to ACRA's Interim Recommendations

- A formula based principally on a measure of population health best meets the criteria by which resource allocation formulae are determined.
  - The principle of a formula based on a measure of population health rather than based on demographic indicators is supported

- The standardised mortality ratio (SMR) for those aged under 75 years should be used as the population health measure. This has been applied on a small area basis to take account of localised health inequalities, and aggregated to local authority level.
  - The principle of selecting the premature (under 75) SMR is strongly supported for the following reasons:
    - Availability of nationally published statistics which are consistent, reliable and sufficiently robust at a small area level
    - In preference to the all-age, all-cause mortality rate as the premature mortality ratio is more closely reflective of population health and associated inequalities

- To help reduce inequalities, the SMR measure be incorporated into the public health formula so that the decile of small areas with the highest SMRs have received a weight per head, three times greater that the decile of small areas with the lowest SMRs.
  - The principle of applying a greater weight per head for areas within the decile with the highest SMRs in the context of tackling health inequalities is fully supported

- The adjustment used in the local government funding formula for unavoidable differences in costs due to geographical location should be included.
  - We do not agree that an Area Cost Adjustment factor should be applied outside London. Excluding London, where it is accepted that London weighting is generally applied and does increase costs, salaries for staff working in these services (whether in the public or private sectors) do not currently vary significantly between different parts of the country. However, if a regional cost factor is implemented we would support the use of the ACA as opposed to the MFF as this would be consistent with other local authority services.

- The ONS projected resident population for 2012 should be used as the population base. This is the same approach as followed in the local government funding formula.
  - It is considered vital that the forthcoming new SNPPs based on the 2011 Census are used as the population base for the formula from the outset, rather than relying on the 2010 based figures, which although uplifted, date back to the 2001 Census and are therefore less accurate

- The current methodology for the PTB includes components relating to activity (successful completions and maintaining in effective treatment) and need. This provides a level of certainty of resourcing and is therefore sound and encourages effective, targeted service delivery. Replacing the needs based methodology to an SMR based calculation potentially poses a number of risks: it is unclear how the current SMR profile equates to the needs component currently used and whether this change would increase or decrease funding locally and also whether this need factor will be ranked or apportioned across LA's or solely based on SMR for the area. However, pragmatically there is logic to adopting a similar methodology to the PH budget allocation formula for the PTB.

Response to conditions and reporting for the Public Health Grant

- Telford and Wrekin support the use of the RO and RA forms to report use of the ring-fenced grant, but consider that 15-20 rows would be a disproportionate level of detail on these returns

- Annex E states that payments in respect of finance leases and statutory fines should not count as eligible expenditure against the proposed grant. We disagree with these proposals as any revenue expenditure directly related to the provision of public health services by local authorities should count as eligible expenditure

- Paragraph 13 of Annex E sets out a suggestion that the grant should effectively operate on a cash rather than an accruals basis which is not in accordance with normal local authority accounting practise and would prefer consistency with standard accounting practice