



Local Authority Circular

LAC(DH)(2016)3

To: The Chief Executive
County Councils
District Councils (excluding District Councils with a County Council)
London Borough Councils
Council of the Isles of Scilly
Common Council of the City of London
Directors of Finance
Directors of Public Health

Date: 15 December 2016

PUBLIC HEALTH RING-FENCED GRANT 2017/18

This circular sets out:

- Firm allocations of the local government public health grant for 2017/18;
- the conditions that will apply to that grant; and
- guidance intended to assist local authorities (LAs).

Background

The Chancellor's Autumn Statement in 2016 confirmed that LAs' funding for public health would be reduced by an average of 3.9 per cent in real terms per annum over the five years to 2020. This equates to a reduction in cash terms of 9.6 per cent over the same period.

In 2017/18 the total public health grant to local authorities is £3.30bn (*including the amount of business rate income that the ten Greater Manchester LAs will be able to retain in order to fund their public health function¹ which amounts to £213.4m*), a reduction of 2.5% from the 2016/17 baseline of £3.38bn. The grant will be ring fenced for use on public health functions exclusively for all ages.

On 15 December 2016, the Secretary of State determined, pursuant to section 31 of the Local Government Act 2003, to pay grants to relevant authorities in the amounts

¹ Local authorities in Greater Manchester piloting 100% business rate retention will not receive this grant and excluded from the grant conditions.

indicated for the financial year 2017/18.

This circular is accompanied by four annexes:

- Annex A – public health ring fenced grant determination and conditions 2017/18,
- Annex B – 2015 Autumn Statement announcement: Public health funding across the spending review years (2016/17 to 2020/21), England;
- Annex C – public health reporting categories for 2017/18; and
- Annex D – Public Health England assurance letter

The grant

The 2017/18 grant will be paid in quarterly instalments:

- Quarter 1 – Thursday 13/04/17
- Quarter 2 – Friday 14/07/17
- Quarter 3 – Friday 13/10/17
- Quarter 4 – Friday 12/01/18

Pursuant to section 31(4) of the Local Government Act 2003 the Secretary of State has attached conditions to the payment of the grant, which are set out at pages 5-10 inclusive of Annex A and are unchanged from 2016/17. When assessing whether LAs have complied with these conditions, the Department and Public Health England will continue to look at the primary purpose of LAs' spending.

The Department's presumption is that the grant will be spent in-year. If at the end of the financial year there is any underspend LAs may carry these over, as part of a public health reserve, into the next financial year. In using those funds the next year, LAs will still need to comply with the grant conditions. The Department may consider reducing future grant amounts to LAs that report significant and repeated underspends.

Reporting of grant expenditure

Local authorities will need to forecast and report against the sub-categories in the Revenue Account (RA) and Revenue Outturn (RO) returns to the Department for Communities and Local Government (DCLG) who will share data with Public Health England (PHE). PHE will review data on behalf of the Department of Health. Given that the RO return is used as a way of monitoring the usage of the grant, it is important that the contacts responsible for this section of financing are content with the figures submitted. LAs will need to ensure that the figures are verified and in line with the purpose set out in the grant conditions. A list of the reporting categories is at Annex C. LA chief executives (or Section 151 officers) and directors of public health will also need to return a statement confirming that the grant has been spent in accordance with the conditions. A suggested statement is at Annex D.

In-year reporting

LAs will need to submit quarterly data returns of spend on public health (total mandated and non-mandated services) as part of the existing Quarterly Revenue Outturn report.

Year-end reporting

At the end of the financial year LAs will need to return a more detailed RO return. Expenditure must be shown against all prescribed functions categories which are classified in Annex C.

The full grant must be accounted for in the RO returns. As such the closing value of a LA's public health reserve minus the opening value of the public health reserve when added to the net spend reported in the year, must be greater than or equal to the value of the grant for the year.

The reporting categories are flexible and allow local discretion about how to reflect the services that are commissioned. Guidance is available to local authorities in the Service Reporting Code of Practice (SeRCOP) on how activity should be recorded against the sub-categories.

Enquiries

Enquires about this circular should be addressed to the Department of Health Public Health Policy and Strategy Unit, at: PHPSU@dh.gsi.gov.uk

DETERMINATION UNDER SECTION 31 OF THE LOCAL GOVERNMENT ACT 2003 OF A RING-FENCED PUBLIC HEALTH GRANT TO LOCAL AUTHORITIES FOR 2017/18

PUBLIC HEALTH RING-FENCED GRANT DETERMINATION 2017/18: No 31/2912

The Secretary of State for Health (“the Secretary of State”), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

Citation

1) This determination may be cited as the Public Health Ring-fenced Grant Determination 2017/18: **No 31/2912**

Purpose of the grant

- 2) This grant can be used for both revenue and capital purposes.
- 3) The purpose of the grant is to provide local authorities in England with the funding required to discharge the public health functions detailed in paragraphs 2-4 on page 5.

Grant conditions

4) Pursuant to section 31(4) of the Local Government Act 2003, the Secretary of State determines that the grant will be paid subject to the conditions set out at pages 5 to 10 inclusive.

Determination

5) The Secretary of State determines as the authorities to which the grant is to be paid and the amount of grant to be paid in the financial year 2017-18, the authorities and the amounts for the financial year 2017-18 are set out in the exposition book.

Treasury consent

6) Before making this determination the Secretary of State obtained the consent of the Treasury.

Signed by authority of the Secretary of State for Health

Simon Reeve
Deputy Director - Public Health Systems and Strategy
Department of Health

GRANT CONDITIONS

1. In this Determination:

“an authority” means an upper tier or unitary local authority identified in the Appendix.

“the Department” means the Department of Health;

“financial year” means a period of twelve months ending 31st March 2018.

“NHS body” means an NHS body within the meaning of section 75 of the National Health Service Act 2006;

“grant” means the amounts set out in the Ring-fenced Public Health Grant Determination 2017/18:

“upper tier and unitary local authorities” means: a county council in England; a district council in England, other than a council for a district in a county for which there is a county council; a London borough council, the Council of the Isles of Scilly; and the Common Council of the City of London.

Use of the grant

2. Pursuant to Section 31 of the Local Government Act 2003, the Secretary of State hereby determines that the public health grant shall be paid towards expenditure incurred, or to be incurred, by upper tier and unitary local authorities in the financial year 2017/18. The relevant authorities² are shown in the exposition book.
3. Subject to paragraph 5, the grant must be used only for meeting eligible expenditure incurred or to be incurred by local authorities for the purposes of their public health functions as specified in Section 73B(2) of the National Health Service Act 2006 (“the 2006 Act”).
4. The functions mentioned in that subsection are:
- (a) functions under section 2B, 111 or 249 of, or Schedule 1 to, the 2006 Act
 - (b) functions by virtue of section 6C of the 2006 Act,
 - (c) the Secretary of State’s public health functions exercised by local authorities in pursuance of arrangements under section 7A of the 2006 Act,
 - (d) the functions of a local authority under section 325 of the Criminal Justice Act 2003 (co-operating with the police, the probation service and the prison service to assess the risks posed by violent or sexual offenders), and
 - (e) such other functions relating to public health as may be prescribed.

² Local authorities in Greater Manchester piloting 100% business rate retention will not receive this grant and excluded from the grant conditions.

5. A local authority may use the grant to contribute to a fund made up of –
 - (a) contributions by the authority from both the public health grant and other sources of funding e.g. from other local authority funding, or from payments made by a private sector or civil society organisation; or
 - (b) contributions by the authority and one or more of any of the following bodies
 - (i) another local authority,
 - (ii) an NHS or other public body, or
 - (iii) a private sector or civil society organisation;

provided the conditions specified in paragraph 6 are met.

6. The conditions referred to in paragraph 5 are that:
 - (a) the fund must be one out of which payments are made towards expenditure incurred in the exercise of, or for the purposes of, the functions described in paragraph 3;
 - (b) if payments are made out of the fund towards expenditure on other functions of a local authority or the functions of an NHS body, other public body, or a private sector or civil society organisation, the authority must be of opinion that those functions have a significant effect on public health or have a significant effect on, or in connection with, the exercise of the functions described in paragraph 3;
 - (c) the authority must be satisfied that, having regard to the contribution from the public health grant, the total expenditure to be met from the fund and the public health benefit to be derived from the use of the fund, the arrangements provide value for money.
7. A local authority must, in using the grant:
 - have regard to the need to reduce inequalities between the people in its area with respect to the benefits that they can obtain from that part of the health service provided in exercise of the functions referred to in paragraph 3;
 - have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services.
8. The public health grant will only be paid to local authorities to support eligible expenditure. Grant carried over to the following year is governed by the grant conditions.

Eligible expenditure

9. Eligible expenditure means expenditure incurred by an authority or any person acting on behalf of an authority, between 1 April 2017 and 31 March 2018, for the purposes of carrying out the public health functions referred to in paragraphs 3 and 4.

10. If an authority incurs any of the following costs, those costs must be excluded from eligible expenditure:
 - a) contributions in kind;
 - b) payments for activities of a political or exclusively religious nature;
 - c) depreciation, amortisation or impairment of fixed assets owned by the authority;
 - d) input VAT reclaimable by the authority from HM Revenue & Customs;
 - e) interest payments or service charge payments for finance leases;
 - f) gifts, other than promotional items, with a value of no more than £10 in a year to any one person subject to the exception in paragraph [11];
 - g) entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
 - h) statutory fines, criminal fines or penalties.
11. Expenditure on promotional items in fulfilment of the local authority's health improvement duty under Section 2B of the 2006 Act such as products, goods or services which are given for health improvement purposes may form part of eligible expenditure. This could include for example, vouchers for gym or fitness classes, nicotine patches or other expenditure which corresponds with the health improvement objectives of the public health grant.
12. An authority must not deliberately incur liabilities for eligible expenditure before there is an operational need for it to do so.
13. For the purpose of defining the time of payments, an authority shall account for its spend from the grant using the accrual basis of accounting³.

Payment arrangements

14. Grants will be paid in quarterly instalments by Public Health England.

Reporting

In-year reporting

15. An authority will need to submit three high-level public health returns (Quarterly Revenue Outturns) at quarterly intervals during the year, for the quarters ending in June, September and December. In accordance with existing practice, this will be submitted to the Department for Communities and Local Government (DCLG) who will share them with Public Health England (PHE). PHE will review the returns on behalf of the Secretary of State for Health.

End-of year reporting

16. Each authority shall prepare a return setting out how the grant has been spent using the Revenue Outturn (RO) form at the end of the financial year covering

³ Accrual accounting depicts the effects of transactions and other events and circumstances on an authority's economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period." paragraph 2.1.2.5 of the 2016/17 *Code of Practice on Local Authority Accounting in the United Kingdom*. CIPFA, April 2016

the period 1 April 2017 to 31 March 2018. In accordance with existing practice, this will be submitted to DCLG who will share the information with PHE. A list of the lines of expenditure (categories) that will need to be reported on is attached at Annex C. The RO form must provide details of eligible expenditure in the period, against each relevant category.

17. The returns must be certified by the authority's Chief Executive (or the authority's S151 Officer) and the Director of Public Health that, to the best of their knowledge, the amounts shown on the Statement relate to eligible expenditure on public health and that the grant has been used for the purposes intended, as set out in this Determination. Chief Executives have been provided with a statement of assurance for their signature at Annex D. This should be submitted to Public Health England at:
publichealthgrant@phe.gov.uk
18. The Secretary of State may require a further external validation to be carried out by an appropriately qualified independent accountant or auditor of the use of the grant where the RO return referred to in paragraph 16 above fails to provide sufficient assurance to the Secretary of State that the grant has been used in accordance with these conditions.
19. While the grant should not be used for interest or service charge payments or finance leases it can be used for capital spend on items that do not entail borrowing or a finance lease. Capital expenditure should be noted as a Capital Expenditure from Revenue Account (CERA) payment on the RO form and details provided on the Capital Outturn Return (COR) form issued by the Department for Communities & Local Government (DCLG). Further guidance will be supplied with the forms that DCLG send out.
20. In accordance with existing practice, local authorities should send the RO to DCLG.

Financial Management

21. Each authority must maintain a robust system of internal financial controls and inform the Department promptly of any significant financial control issues raised by its internal auditors in relation to the use of the public health grant.
22. If an authority identifies any overpayment of the grant, the authority must repay this amount within 30 days of it coming to their attention.
23. If an authority has any grounds for suspecting financial irregularity in the use of any grant paid under this funding agreement, it must notify the Department immediately, explain what steps are being taken to investigate the suspicion and keep the Department informed about the progress of the investigation. For these purposes "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of the grant for purposes other than those for which it was provided.

External audit arrangements

24. Appointed auditors are responsible for auditing the financial statements of each authority and for reaching a conclusion on an authority's overall arrangements for securing economy, efficiency and effectiveness in the use of resources. The use of, and accounting for, the public health grant and the arrangements for securing economy, efficiency and effectiveness in doing so fall within the scope of the work that appointed auditors may plan to carry out, having regard to the risk of material error in the authority's accounts and significance.

Records to be kept

25. Each authority must maintain reliable, accessible and up to date accounting records with an adequate audit trail for all expenditure funded by grant monies under this Determination.
26. Each authority and any person acting on behalf of an authority must allow:
 - a) the Comptroller and Auditor General or appointed representatives; and
 - b) the Secretary of State or appointed representatives;free access at all reasonable times to all documents (including computerised documents and data) and other information as is connected to the grant payable under this Determination, or to the purposes for which grant was used, subject to the provisions in paragraph 27.
27. The documents, data and information referred to in paragraph 26 are such as the Secretary of State or the Comptroller and Auditor General may reasonably require for the purposes of the Secretary of State's or the Comptroller and Auditor General's financial audit or that any department or other public body may reasonably require for the purposes of carrying out examinations into the economy, efficiency and effectiveness with which any department or other public body has used its resources. An authority must provide such further explanations as are reasonably required for these purposes.
28. Paragraphs 25 and 26 do not constitute a requirement for the examination, certification or inspection of the accounts of an authority by the Comptroller and Auditor General under section 6(3) of the National Audit Act 1983. The Comptroller and Auditor General will seek access in a measured manner to minimise any burden on the authority and will avoid duplication of effort by seeking and sharing information with the Audit Commission.

Breach of Conditions and Recovery of Grant

29. If an authority fails to comply with any of these conditions, or any overpayment is made under this grant, or any amount is paid in error, or if an authority's Chief Executive/ S151 Officer and Director of Public Health are unable to provide reasonable assurance that the RO form, in all material respects, fairly presents the eligible expenditure, in the relevant period, in accordance with the definitions and conditions in this Determination, or any information provided is incorrect, the Secretary of State may reduce, suspend or withhold grant

payments or require the repayment of the whole or any part of the grant monies paid, as may be determined by the Secretary of State and notified in writing to the authority. Such sum as has been notified will immediately become repayable to the Secretary of State who may set off the sum against any future amount due to the authority from central government.

Underspend

30. If there are funds left over at the end of the financial year they can be carried over into the next financial year. Funds carried over should be accounted for in public health reserve. **All the conditions that apply to the use of the grant will continue to apply to any funds carried over.** However, where there are large underspend the Department reserves the right to reduce allocations in future years.

Appendix

Public Health Allocations to unitary and upper tier local authorities in England for 2017-18

Local Authority (Unitary and upper tier)	2017-18 allocations (£'000)
1 Barking and Dagenham	17,352
2 Barnet	17,609
3 Barnsley	17,447
4 Bath and North East Somerset	9,166
5 Bedford	8,953
6 Bexley	9,951
7 Birmingham	93,215
8 Blackburn with Darwen	15,218
9 Blackpool	18,914
10 Bolton	**22,042
11 Bournemouth	10,779
12 Bracknell Forest	4,157
13 Bradford	42,930
14 Brent	21,961
15 Brighton and Hove	20,619
16 Bristol, City of	33,343
17 Bromley	15,096
18 Buckinghamshire	21,081
19 Bury	**11,939
20 Calderdale	13,596
21 Cambridgeshire	26,946
22 Camden	27,499
23 Central Bedfordshire	12,591
24 Cheshire East	16,833
25 Cheshire West and Chester	16,683
26 City of London	1,657
27 Cornwall	26,133
28 County Durham	49,983
29 Coventry	22,549
30 Croydon	21,912
31 Cumbria	18,886
32 Darlington	8,670
33 Derby	19,766
34 Derbyshire	41,618
35 Devon	28,238
36 Doncaster	24,437
37 Dorset	15,715
38 Dudley	21,243
39 Ealing	24,941
40 East Riding of Yorkshire	11,043

Local Authority (Unitary and upper tier)	2017-18 allocations (£'000)
41 East Sussex	27,990
42 Enfield	17,272
43 Essex	64,128
44 Gateshead	16,952
45 Gloucestershire	24,912
46 Greenwich	23,649
47 Hackney	34,073
48 Halton	10,454
49 Hammersmith and Fulham	22,338
50 Hampshire	52,173
51 Haringey	20,742
52 Harrow	11,093
53 Hartlepool	8,995
54 Havering	11,224
55 Herefordshire, County of	9,467
56 Hertfordshire	48,813
57 Hillingdon	17,997
58 Hounslow	16,170
59 Isle of Wight	7,709
60 Isles of Scilly	134
61 Islington	26,607
62 Kensington and Chelsea	21,451
63 Kent	69,368
64 Kingston upon Hull, City of	25,130
65 Kingston upon Thames	10,374
66 Kirklees	26,673
67 Knowsley	17,627
68 Lambeth	32,238
69 Lancashire	70,171
70 Leeds	45,481
71 Leicester	27,519
72 Leicestershire	25,528
73 Lewisham	24,967
74 Lincolnshire	33,524
75 Liverpool	46,008
76 Luton	15,788
77 Manchester	**53,250
78 Medway	17,671
79 Merton	10,727
80 Middlesbrough	17,230
81 Milton Keynes	11,700
82 Newcastle upon Tyne	24,129
83 Newham	31,932
84 Norfolk	40,093

Local Authority (Unitary and upper tier)		2017-18 allocations (£'000)
85	North East Lincolnshire	11,317
86	North Lincolnshire	9,561
87	North Somerset	9,813
88	North Tyneside	12,758
89	North Yorkshire	22,331
90	Northamptonshire	35,702
91	Northumberland	16,654
92	Nottingham	34,723
93	Nottinghamshire	42,194
94	Oldham	**17,337
95	Oxfordshire	31,334
96	Peterborough	11,196
97	Plymouth	15,735
98	Poole	7,794
99	Portsmouth	18,187
100	Reading	10,016
101	Redbridge	14,107
102	Redcar and Cleveland	11,827
103	Richmond upon Thames	9,521
104	Rochdale	**17,174
105	Rotherham	16,734
106	Rutland	1,326
107	Salford	**21,307
108	Sandwell	25,366
109	Sefton	21,938
110	Sheffield	34,235
111	Shropshire	12,317
112	Slough	7,763
113	Solihull	11,224
114	Somerset	21,270
115	South Gloucestershire	9,627
116	South Tyneside	14,124
117	Southampton	17,344
118	Southend-on-Sea	9,712
119	Southwark	28,194
120	St. Helens	14,638
121	Staffordshire	39,200
122	Stockport	**16,081
123	Stockton-on-Tees	14,278
124	Stoke-on-Trent	23,185
125	Suffolk	30,793
126	Sunderland	24,003
127	Surrey	37,504
128	Sutton	10,073

Local Authority (Unitary and upper tier)	2017-18 allocations (£'000)
129 Swindon	10,373
130 Tameside	**15,312
131 Telford and Wrekin	12,664
132 Thurrock	11,333
133 Torbay	9,560
134 Tower Hamlets	35,974
135 Trafford	**12,718
136 Wakefield	24,947
137 Walsall	18,119
138 Waltham Forest	16,352
139 Wandsworth	28,047
140 Warrington	12,583
141 Warwickshire	23,563
142 West Berkshire	6,007
143 West Sussex	34,858
144 Westminster	32,075
145 Wigan	**26,265
146 Wiltshire	17,819
147 Windsor and Maidenhead	4,908
148 Wirral	29,847
149 Wokingham	5,495
150 Wolverhampton	21,317
151 Worcestershire	29,898
152 York	8,225
England	3,303,958

Note:

*** Local authorities in Greater Manchester piloting 100% business rate retention will not receive this grant and are excluded from the grant conditions.

Annex B

Public health grant settlement for 2016-17 to 2020-21- England

	Baseline 2015-16 £ m	Allocations 2016-17 £m	Allocations 2017-18 £ m	<i>Notional Allocations 2018-19 £ m (**)</i>	<i>Notional Allocations 2019/20 £ m (**)</i>	<i>Notional Allocations 2020/21 £ m (**)</i>
SR Settlement	3,461	3,384	3,300	3,215	3,130	3130
Agreed local Adjustment (*)	4	4	4	4	4	4
Total Allocation	3,465	3,388	3,304	3,219	3,134	3,134
Cash growth		-2.2%	-2.5%	-2.6%	-2.6%	0.0%
Real terms growth		-3.8%	-4.2%	-4.4%	-4.6%	-2.2%

Note:

(**) Notional allocations only. The government will consult on options for fully funding local authorities' public health spending for current public health duties from their retained business rates receipts as part of the move to 100% rates retention. The current ring-fence on public health spending will be maintained in 2017-18

Categories for reporting local authority public health spend in 2017/18

Prescribed functions:

- 1) Sexual health services - STI testing and treatment
- 2) Sexual health services – Contraception
- 3) NHS Health Check programme
- 4) Local authority role in health protection
- 5) Public health advice to NHS Commissioners
- 6) National Child Measurement Programme
- 7) Prescribed Children’s 0-5 services (awaiting the outcome of the review on the regulations attached to the 0-5 services)

Non-prescribed functions:

- 8) Sexual health services - Advice, prevention and promotion
- 9) Obesity – adults
- 10) Obesity - children
- 11) Physical activity – adults
- 12) Physical activity - children
- 13) Treatment for drug misuse in adults
- 14) Treatment for alcohol misuse in adults
- 15) Preventing and reducing harm from drug misuse in adults
- 16) Preventing and reducing harm from alcohol misuse in adults
- 17) Specialist drugs and alcohol misuse services for children and young people
- 18) Stop smoking services and interventions
- 19) Wider tobacco control
- 20) Children 5-19 public health programmes

- 21) Other Children's 0-5 services non prescribed
- 22) Health at work
- 23) Public mental health
- 24) Miscellaneous, which includes:
 - 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

Year End Statement of Assurance

[Insert name of local authority]

Date: DD/MM/YYYY

**Statement of Assurance: Ring-fenced Public Health Grant Determination
2017/18: No 31/2912**

The ring-fenced public health grant, in the amount of £..... has been provided to this local authority towards expenditure incurred in the 2017/18 financial year.

As the authority's Chief Executive / Section 151 Officer*, I have reviewed the public health Revenue Outturn (RO) form and can confirm that the grant has been used to discharge the public health functions set out in Section 73B(2) of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012). I also confirm that the amounts stated in the RO form are a true reflection of how the grant has been spent, including any amounts held in the authority's public health reserve.

I affirm that where funding has been combined ('pooled') with funds from other sources the monies have been used in accordance with the conditions attached to the grant.

[Signed / Name / Position]

[Signed / Name / Position]

Chief Executive / S151 Officer *

Director of Public Health

(Please state position of signatory, and capacity in which signed (Chief Executive or S151 Officer)*