



To: Local Authority Chief Executives
Cc: Directors of Public Health

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Dear everyone

Spending Review

I wanted to write to you following Wednesday's Spending Review announcement about the public health grant to share my thoughts on what this means for the next five years.

First, as anticipated, there will be a reduction. The Chancellor talked about savings in the public health grant, which will be an average real terms saving of 3.9% each year to 2020/21. This translates into a further cash reduction of 9.6% in addition to the £200 million of savings that were announced earlier this year. From the baseline of £3,461m (which includes 0-5 commissioning and takes account of the £200m savings) the savings will be phased in at 2.2% in 16/17, 2.5% in 17/18, 2.6% in each of the two following years, and flat cash in 20/21.

Cuts are never welcome, and this is by no means the only challenge that local authorities face. However, you and your colleagues have already proved that you are capable of managing reductions on this scale. I am confident that you will find ways of continuing the very real progress of the past three years in protecting and improving the public's health and in working to reduce health inequalities.

We do not yet know the implications for individual local authorities. This will depend on decisions about the funding formula, on which the Department of Health has consulted on behalf of ACRA and the political decision on pace of change (how fast we move from historic spend to the formula based target shares). My advice to the Government throughout has been to prioritise stability and certainty for the next two years and concentrate on getting the arrangements right for the transition to full funding through business rates. I believe this reflects what your colleagues have told me on my visits to local authorities across the country.

The Spending Review made a number of further commitments including:

- a commitment to retain the public health grant for 16/17 and 17/18 in order to complete the transition of 0-5s and to work through what we will all need in a world without a ringfence.
- a clear signal that the public health grant will be replaced as we move to a model based on retained business rates. The detail of how this will work needs to be worked through and will be subject to full consultation. We will obviously be keen to ensure that any redistribution mechanism reflects health need and does not exacerbate health inequalities.

- the Government is not proposing to change the statutory prescribed functions for local authorities for 16/17. It is right that local government is trusted to make the best decisions about how to use the resources available.

As you know, improving the public's health is about so much more than services secured through the public health grant – it is about jobs, decent housing, a safe environment and companionship. Following the Spending Review, we can work together to build a far wider programme of action on prevention and improving health and wellbeing, including:

- the settlement for the NHS fully funds the Five Year Forward View, and its commitment to getting serious about prevention.

- understanding how we can best use the additional £1.5 billion invested in the Better Care Fund to maximise system-wide efforts to prevent the preventable.

- the importance of Government action, and in particular action on childhood obesity, is signalled. As you know, PHE have provided clear evidence on how we could reduce sugar consumption. We are now working with the Department of Health to produce an effective Childhood Obesity Strategy.

- the importance of work to health. The provision of new national funds to develop approaches to help people with health problems get back to work speaks to an agenda that I know is important to all of you.

- developing a place-based approach to NHS planning; the planning round for 16/17 and beyond will move to a place-based approach and properly engage local authorities in the decisions about future health services.

- the Government's commitment to real and meaningful devolution provides opportunities for local authorities to join up public services to address the real problems in our communities.

You will be considering the impact of the Spending Review for your authority. I am clear that we have the basis for making a real difference to the public's health in the coming years. I do not underestimate the challenges, but they are nothing to what you have already shown you are capable of.

PHE stands ready to help in whatever way we can.

Best wishes

Yours sincerely

A handwritten signature in black ink, appearing to read 'Duncan Selbie'.

Duncan Selbie
Chief Executive