

The Health Foundation's submission: Local Government Spending inquiry

November 2018

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK. Our aim is a healthier population, supported by high quality health care that can be equitably accessed. We learn what works to make people's lives healthier and improve the health care system. From giving grants to those working at the front line to carrying out research and policy analysis, we shine a light on how to make successful change happen.

1. Maintaining and improving health: the key role of local authorities

The biggest influences on people's health are wider social determinants – including the quality of their local surroundings, the education they receive, their access to affordable food, well-designed transport systems, and good quality housing. Ensuring the public's health therefore requires investment in the things that make us healthy, not just in the services that treat people when they become unwell.

Local authorities play a vital role – through both direct and indirect channels – in acting across these wider **social determinants** to create healthy local environments. They are delivering an extensive range of services spanning education, libraries, transport and planning, that support the population's health. In addition, they have taken on significant new direct responsibilities, since 2013, as part of the transfer of public health into local government.

2. A combination of pressures on local authority budgets

The capability of local authorities to develop communities that support better health and wellbeing has been significantly undermined in recent years by the growing pressures placed on their budgets across a whole range of areas. Over the past decade of austerity, their ability to maintain and improve the health of their residents has been jeopardised by substantial cuts to local services and investments, many of which directly affect health. As the committee will be aware, the National Audit Office reported a 32.6% fall in spending between 2010/11 and 2016/17 on non-social care services such as libraries, public transport, children's services and leisure facilities, which can negatively affect people's health in the long term. Other forms of support that help maintain and improve people's health, such as affordable housing, early-years education and the benefits system, have also been placed under significant pressure.

The impact of local authority budget cuts on young people should also not be overlooked. In England, 15 – 24 year olds use libraries more than any other age group, yet library opening hours have been reduced in recent years. Young people are also more likely to use parks more often than older age groups, but budgets are declining and facilities are ageing.

Through the Health Foundation's Young people's future health inquiry, we have recently engaged with over 600 young people as well as system leaders in five sites across the UK. As outlined in our forthcoming report about these site visits, we found that young people face challenges as a result of the pressures being placed on local services. Our engagement uncovered concern among many young people and local organisations, for example, about the lack of transport infrastructure – with service closures or 'rationalisation' affecting their ability to access education and work.

Another example of where budget reductions are having a severe impact is in children's services. This year's Children's Commissioners report analysing *Public spending on children: 2000 to 2020*, produced by the Institute for Fiscal Studies, shows that while spending on children rose substantially in the 2000s, it fell back in the 2010s. Due to this under-investment, since 2010-11 there has been a steady drift at local authority level towards spending on acute children's services (for children in care) and away from preventative, health-creating early years services including Sure Start. Spending on Sure Start and early years services, for example, fell by 44% over that period, while spending on the acute needs of the relatively small number of children in the statutory social care system (children in need and looked-after children) increased by 10% over the same period. A serious national conversation is required about how to fund services such as these properly, which play a key role in protecting people's long-term physical and mental health.

The deep cuts that have been made to the public health grant and funding for adult social care, outlined below, are combining with these wider local government budget pressures to create a damaging cycle that severely constrains their ability to deliver their responsibilities effectively.

2.1 The public health grant funding gap

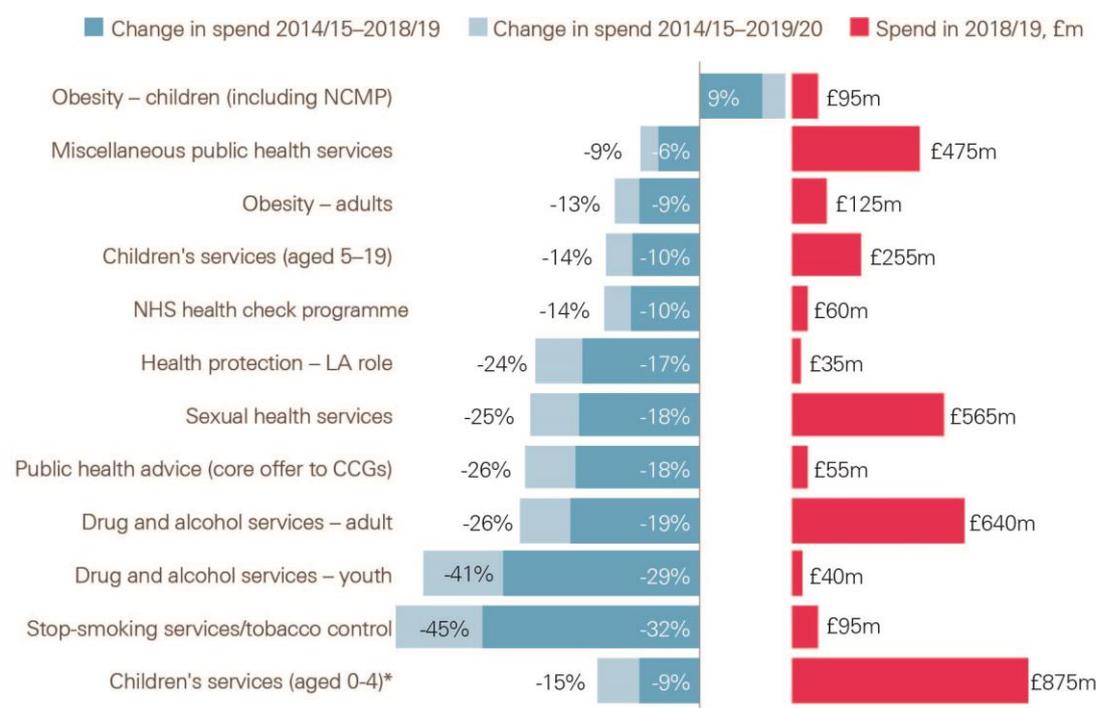
The public health grant provided by the Department of Health and Social Care (DHSC), which totalled £3.3bn in 2018/19, is predominantly spent on preventive and treatment services, such as sexual health clinics, help to stop smoking and children's health services. Using the grant, public health teams operate within local authorities and help steer the development of wider local policies and services, such as housing, planning and children's services, to support improvements in health.

As the Health Foundation have set out in our recent briefing paper, *Taking our health for granted: Plugging the public health grant funding gap*, wider financial pressures on local authorities are compounded by additional, large-scale cuts to this ring-fenced public health grant. Our analysis shows there will have been a £700 million real terms reduction in funding for the public health grant between 2014/15 and 2019/20 – a fall of almost a quarter (23.5%) on a per head basis. This sits in contrast to the other three nations of the UK, where funding has either remained stable or in some elements increased in recent years.

The core public health grant reached £2.9bn in 2014/15 (in 2018/19 real terms), before starting to fall in successive years. The largest reductions in the public health grant to date have been in stop smoking services (-32%) and drug and alcohol services for young people (-29%). If this pattern continues, then by 2019-20 we expect these to fall further to an overall reduction of 45% and 41% respectively.

Health visiting services are another key universal intervention which have been badly affected by cuts to the public health grant. The Health Foundation and Nuffield Trust's analysis shows that health visitor numbers have been reduced - falling from 8,100 in September 2009 to a low of 7,375 in August 2012, and increasing to a peak of 10,309 in October 2015. Since then, the number of health visitors has decreased, and as of April 2018 there were 7,982 health visitors.

The chart below shows the net expenditure and percentage change in spend on the public health grant between 2014/15 and 2018/19 in real terms, by element of provision:



Note: Data for 2013/14 to 2016/17 is out-turn spend. Estimates for 2017/18 and 2018/19 are published allocations. Estimate for 2019/20 is based on provisional allocation; it is assumed the share of the overall grant allocated to children's services will be in line with the previous year and future cuts will fall in line with historic trends. Real terms refers to 2018/19 prices, using the Gross Domestic Product deflator from the Office for Budget Responsibility. NCMP, National Child Measurement Programme; LA, local authority; CCG, Clinical Commissioning Group.

Alarmingly, the funding cuts outlined above come at a time when key indicators of health are causing concern. Mortality improvements have slowed and there are large inequalities in health outcomes between local areas. For example, there is a 19-year gap in healthy life expectancy for women between England's 10% most- and least-deprived areas. Despite this, the areas of greatest need have not been protected from funding cuts. The lack of strategic approach, coupled with real-terms cuts, risks widening health inequalities at a time when the government has pledged to tackle such injustices.

We recommend that – in addition to considering the health impact of budget cuts across other areas of local government spend – an extra £3.2bn of funding per year should be provided by the government to re-allocate the public health grant according to the recommendation of the Advisory Committee on Resource Allocation (ACRA), while restoring real-term losses and preventing any local area experiencing a reduction. To deliver this in practice, we have suggested the government should invest an additional £1.3bn in 2019/20. The remaining £1.9bn should then be allocated in phased budget increases by 2023/24, with further adjustments for inflation.

2.2 Adult social care funding pressures

As outlined in the Health Foundation's joint report with The King's Fund, A fork in the road: Next steps for social care funding reform, alongside cuts to the public health grant and wider services, we have seen cuts to social care spending totalling 11% in real terms between 2009/10 and 2015/16. This is despite the number of people aged over 65 increasing by more

than a million over that period. As a result, at least 400,000 fewer people could access care by 2013/14. Age UK have also estimated that in 2016/17 1.2 million people aged 65 and over had some level of unmet care needs – up from 1 million in 2015/16. Long-term demographic trends, including an ageing population and rising numbers of people with long-term conditions, also mean that demand will only increase. These trends have been further exacerbated by related trends in working-age disability, with more disabled people surviving longer and the costs of their support increasing. Because of these patterns, social care for people of working age now costs local authorities about as much as that for older people.

In recognition of the social care funding pressures faced by local authorities, new funding was announced in the 2015 comprehensive spending review, which included a new 'precept' allowing councils to add 2% onto council tax to pay for social care services (later raised to 3% for certain years). Additional funding from central government was also provided through the Improved Better Care Fund (IBCF). With later increases announced, this meant over £2bn of additional funding was available in 2017/18, rising to £3.6bn by 2019/20, above what would have been spent (2018/19 prices). As a result, public spending on adult social care is expected to rise by an average of 2.5% a year between 2015/16 and 2019/20.

However, this continues to lag behind growth in pressures, which are projected to rise by around 3.7% a year in real terms. Relying on the precept – and the move towards greater retention of business rates – also creates concerns about the level and equity of funding available for social care between different local authorities.

3. The need for a cross-government approach to improve the population's health

Overall, deep and wide-ranging reductions have been made in recent years to local authority budgets, including: significant cuts to the public health grant; funding for adult social care that has failed to keep up with demand; and cuts to health enhancing non-social care services such as libraries, public transport, children's services and leisure facilities. These cuts are combining to create an unsustainable situation, with reductions in spend on certain services – for example preventative public health and early years services – impacting on spending decisions that need to be made across other areas of local government and heightening the pressures faced by local government. Ultimately, failing to recognise the nation's health as an asset that requires long-term upstream investment across a wide range of policy areas will only store up more problems for the future across all local and national government departments.

Currently, organisational boundaries and budgets and the criteria by which services are commissioned and paid for often act as barriers to thinking and acting as a holistic system. Given the multitude of factors that interact to produce health outcomes, cross-government action at a national level as well as at a local government level is required. Such an approach would mean that spending and investment decisions right across the system – including those made by the Ministry of Housing, Communities and Local Government - are considered in terms of their long-term impact on health and wellbeing. In order to drive forward the cross-organisational response that is required at community level, decision-makers at the Ministry of Housing, Communities and Local Government should be incentivised and encouraged to look beyond the narrow responsibilities of their own budgets and act as part of a system; together with other departments including the Department of Health and Social Care.

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