The Health Foundation

Public health grant

What it is and why greater investment is needed

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About 5 mins to read

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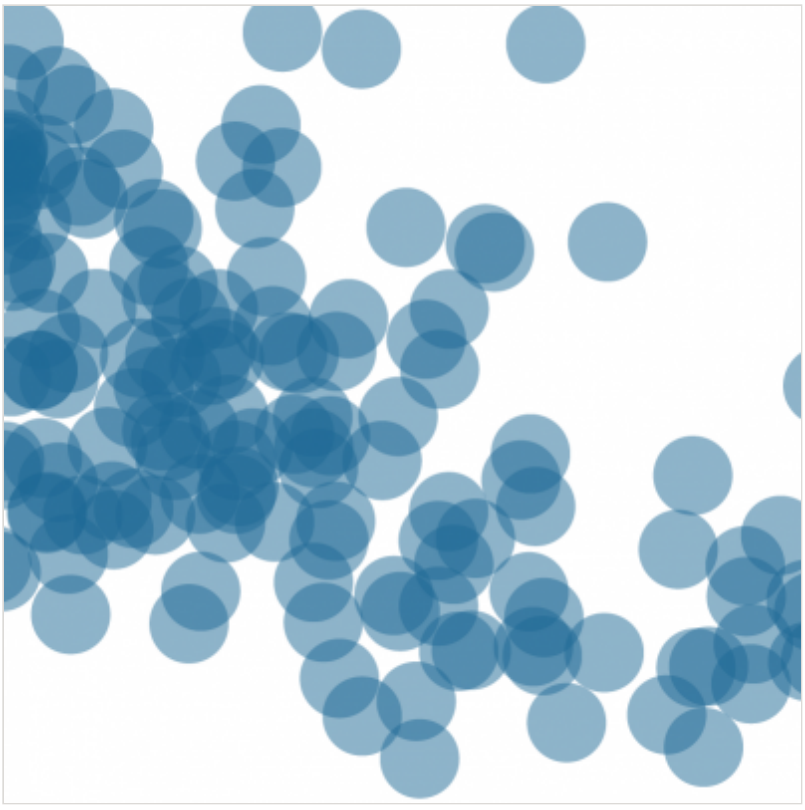
Chart | Funding and sustainability | Inequalities | Public health | Social determinants of health



- The public health grant has been cut by 24% on a real-terms per person basis since 2015/16.
- Some of the largest reductions in spend over this period were for stop smoking services and tobacco control, falling by 41% in real terms, as well as drug and alcohol services for adults (28%) and sexual health services (23%).
- Poor health is strongly associated with living in socioeconomically deprived areas. A girl born today in the most deprived 10% of local areas is expected to live 19 fewer years in good health than a girl born in the least deprived.
- However, real-terms per person cuts to the grant have tended to be greater in more deprived areas. In Blackpool, ranked as the most deprived upper tier local authority in England, the cut to the grant has been one of the largest – at £42 in real terms per person since 2015/16.
- Local authority public health interventions funded by the grant provide excellent value for money, with each additional year of good health achieved in the population by public health interventions costing £3,800. This is three to four times lower than the cost resulting from NHS interventions of £13,500.

Note: This analysis uses the GDP deflator published by the OBR in March 2022 as the baseline. As an additional scenario it provides a deflator for 2022/23 that has been adjusted to illustrate the potential effect of higher than expected inflation.

What is the public health grant and how is it used?

The public health grant is paid to local authorities from the Department for Health and Social Care (DHSC) budget. It is used to provide vital preventative services that help to support health. This includes smoking cessation, drug and alcohol services, children's health services and sexual health services, as well as broader public health support across local authorities and the NHS.

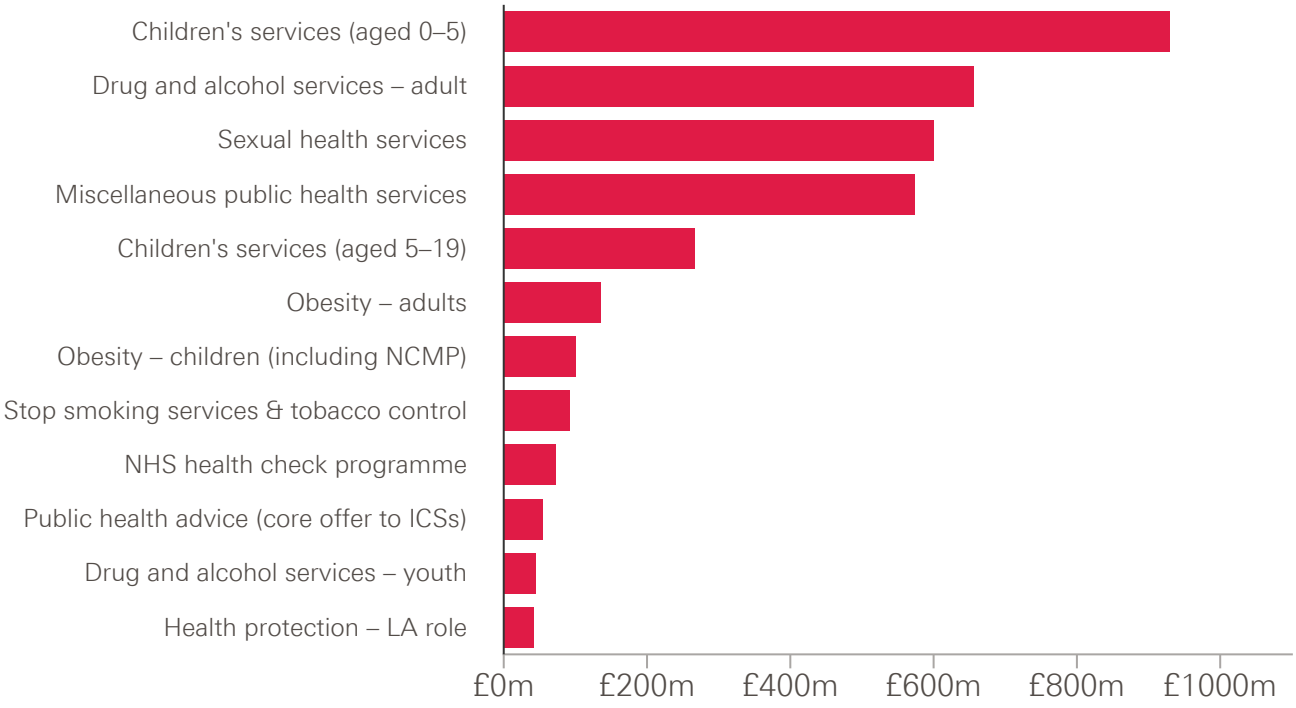
In 2022/23 the allocation for the public health grant was £3.4bn. Figure 1 shows the expected expenditure by element of public health provision. The largest areas of planned spend were on:

- services for children age 0–5 years – which is largely health visitors for infants and mothers (£0.9bn)
- drug and alcohol services for adults (£0.7bn)
- sexual health services (£0.6bn).

Figure 1

The public health grant is used to provide a range of vital preventative services that help to support health

Expected local authority public health allocated expenditure by element: England, 2022/23, cash terms



Source: Health Foundation analysis using DLUHC, Local authority revenue expenditure and financing England: 2022-23 Budgets • NCMP=National Child Measurement Programme.

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How has the value of the public health grant changed over the past decade?

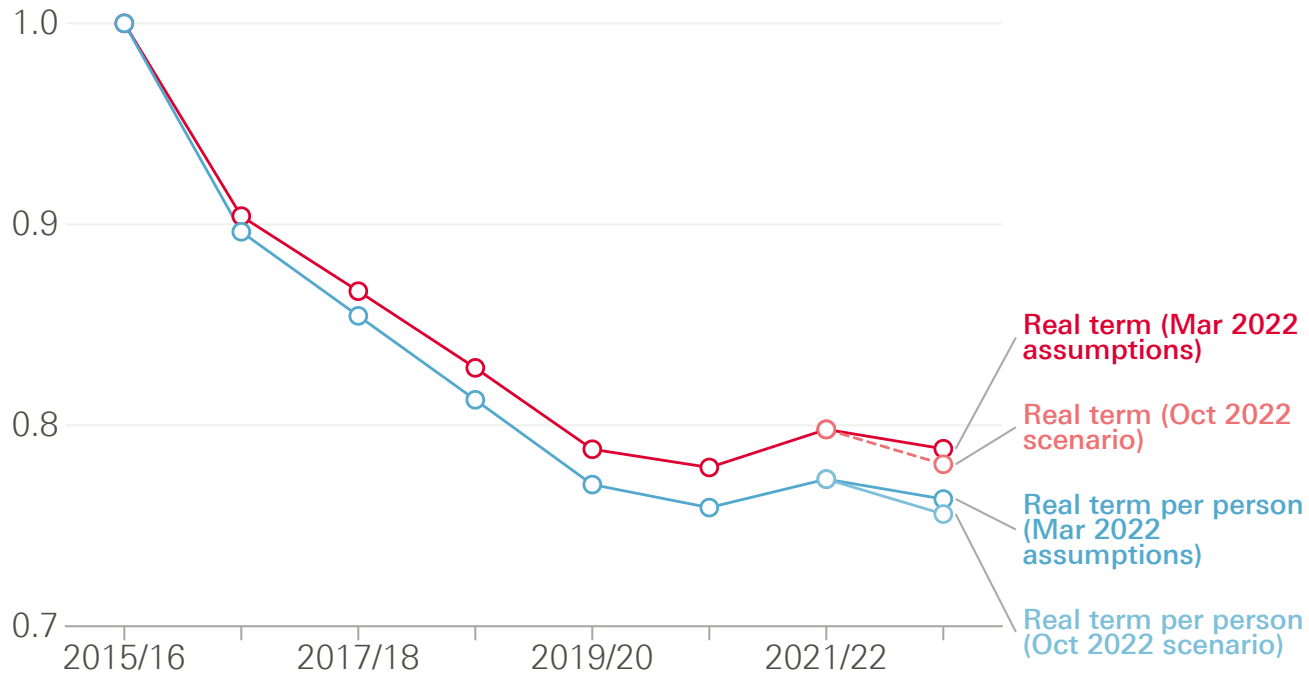
While DHSC spend on NHS England has increased in real terms over the past decade, there has been a 24% real-terms per person cut in the value of the grant between the initial allocations for 2015/16 and 2022/23.

The change in the real-terms value of the public health grant is shown in Figure 2. The latest available projection of a GDP deflator to assess real-terms changes in public spend was published by the OBR in March 2022. Inflation in recent months has been higher than expected at that time. We therefore include a scenario to illustrate the potential additional effect of higher than expected inflation through 2022/23.

Figure 2

The public health grant has been cut by almost a quarter since 2015/16

Change in public health grant allocation 2015/16–2022/23: England, real terms (GDP deflator)



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Source: Health Foundation analysis using MHCLG & DLUHC, Local authority revenue expenditure data, various; OBR, Economic and Fiscal Outlook, March 2022.; 'The inflation squeeze on public services', Ben Zaranko, IFS, 2022 • Oct 2022 scenario provides an indication of the effect of higher than anticipated inflation since March 2022; Per capita relates to the under-75 population

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Despite a commitment at the 2021 Spending Review to maintain the public health grant in real terms until 2024/25, higher than expected inflation means it is already set to fall in real terms in 2022/23.

Using economic assumptions from March 2022 we estimate that restoring the public health grant to its historical real-terms per person value – and accounting for both cost pressures and demand levels – would require an additional £1.5bn a year in 2022/23 price terms by 2024/25 (the final year covered by the Spending Review). This estimate is likely to change with new economic assumptions and – because we assume the overall cost-of-service provision reflects wage costs and general price inflation – will be partly dependent on the relative difference between the GDP deflator and earnings growth.

Which elements of public health provision have been most hit by cuts?

Figure 3 shows how the reduction in grant allocations fed through into spend on different elements of public health provision. It shows the change in real-terms spend between 2015/16 and 2022/23.Some of the largest reductions in spend over the period were for:

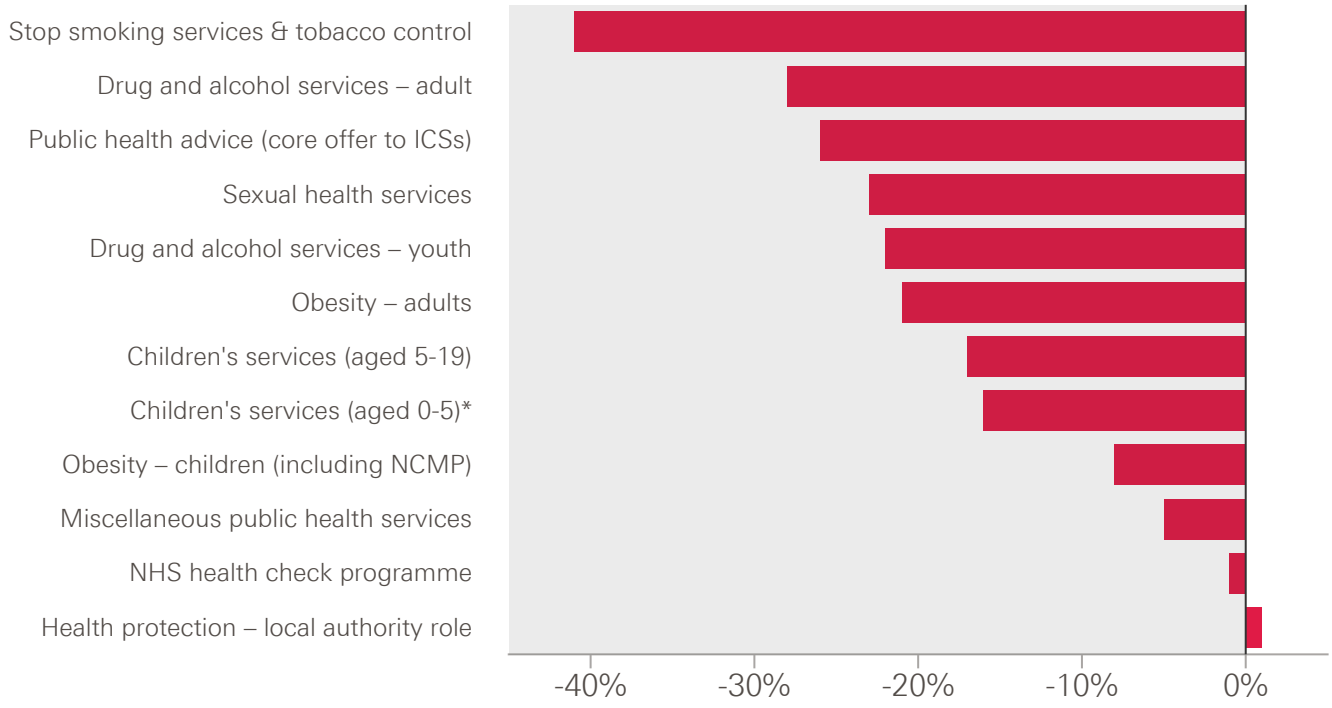
- stop smoking services and tobacco control, which fell by 41% in real terms
- drug and alcohol services for adults (28%)
- sexual health services (23%).

Public health grant allocations have been made just before the start of the financial year for the past 3 years. On top of the large real-terms reductions in the grant, the lack of certainty this creates can make it difficult for local authorities to effectively plan and implement services for the longer term.

Figure 3

The largest cut in public health grant spending has been for stop smoking services and tobacco control

Change in local authority public health spend by element of provision, 2015/16–2022/23: England, 2022/23 real terms (GDP deflator)



Source: Health Foundation analysis using MHCLG & DLUHC, Local authority revenue expenditure data, various; OBR, Economic and Fiscal Outlook, March 2022. • * Period of comparison starts in 2016/17, the first full year in which this support was part of the public health grant. NCMP=National Child Measurement Programme.

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Why invest in public health?

Local authority public health interventions funded by the grant provide excellent value for money. Research shows that each additional year of good health achieved in the population by public health interventions costs £3,800, measured using Quality Adjusted Life Years (QALYs). This is three to four times lower than the cost resulting from NHS interventions of £13,500 (per additional year of good health).

A review by the University of Cambridge, commissioned by the Health Foundation, has found a considerable evidence base demonstrating the effectiveness and cost effectiveness of

public health and preventative interventions. Not all public health interventions are equally effective or cost effective, and their impact on health inequalities can differ. Public health teams need to determine the combinations of services to commission and deliver to best improve health and reduce inequalities in their local areas.

Which local areas have seen the biggest reduction in the grant?

Poor health is strongly associated with living in socioeconomic deprivation. There is a 19-year gap in the number of years a girl born in the most deprived 10% of areas can expect to live in good health, compared with a girl born in the least deprived 10% of local areas. These underlying health inequalities contributed to the COVID-19 mortality rate for those younger than 65 years being nearly four times higher in the most deprived areas than for those in the least deprived.

However, cuts to the grant have been greater in more deprived areas. Figure 4 compares the real-terms per person cut in public health grant allocations between 2015/16 and 2022/23 to the deprivation score in each local authority. It shows that per person reductions in the public health grant tend to be largest in more deprived areas. In Blackpool, ranked as the most deprived upper tier local authority in England, the per person cut to the grant has been one of the largest – at £42 per person.

Figure 4

Cuts to the public health grant have tended to be greater in more deprived areas

Real-terms per capita change in public health grant allocations by local authority and deprivation rank: England, 2015/16 to 2022/23

Source: DHSC, Public Health allocations, various; OBR, Economic and Fiscal Outlook, March 2022; MHCLG, English indices of deprivation 2019; ONS, Population estimates & projections – local authority based by single year of age 2015 and 2022. • Note: Population used for per capita calculation is those aged under-75.

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Conclusion

Investment in prevention represents excellent value for money compared with health care spend. Yet recent announcements have continued the trend of disinvesting in the wider funding that helps to maintain and improve people's health.

It is clear that opportunities to prevent the early deterioration of health are being missed, while the need for such interventions is increasing. Failure to invest in vital preventive services will mean health worsening further, widening health inequalities, and the costs of dealing with this poor health will be felt across society and the economy. For instance,

preventing people falling into poor health in the first place could help to reduce economic inactivity, increasing the number of people in work.

A coordinated whole-government strategy is required to improve the nation's health and a fresh commitment to a health disparities white paper would provide an opportunity to set this out. But, more immediately, the evidence points to funding public health properly.

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