



**Public Health grant to local  
authorities: Summary of responses  
to the publication of the draft grant  
Determination (Conditions) and  
draft grant Circular**

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# **Public Health Grant to Local Authorities: Summary of responses to the publication of the draft grant Determination (Conditions) and draft grant Circular**

**Prepared by the Department of Health Public Health Policy & Strategy Unit**

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## **Public Health grant to local authorities: Summary of responses to the publication of the draft grant Determination (Conditions) and draft grant Circular**

### **Introduction**

1. The publication of the draft grant Conditions which will govern the use of the ring-fenced public health grant to local authorities, and the draft Circular, produced a relatively small number of responses from local government representatives and other stakeholders. The main comments and how the Department has addressed them are summarised, thematically, below.

### **Auditing spend from the public health grant**

2. One of the themes arising from the *Consultation on the funding and commissioning routes for public health (2010)* had been the need for transparency and monitoring of what the ring-fenced public health grant had been spent on, as well as the need to ensure the grant is properly protected and used for public health activities. One of the means the Department had proposed to provide an added measure of assurance was by requiring the return on public health spend to be audited.
3. Feedback from some local authority representatives noted that the Revenue Outturn (RO) form, which will be used in lieu of a separate Statement of Grant Usage) is not audited and queried whether the audit would have to be paid for out of the public health allocation. One responder also highlighted a concern that any requirement to audit spend from the grant would have to extend to their partners e.g. Voluntary Sector organisations, which could be an additional burden for their partners.
4. Having given due consideration to these comments the Department has decided against having a separate audit of the RO form and there will be no need for separate certification of public health spend from the grant. This is because it may not provide sufficient added value to justify the cost, or the potential delay to the RO returns, if one was required.
5. However, the Department retains the view that it is essential that there is sufficient assurance that the grant is being used in accordance with its purpose and can provide the necessary assurance to Parliament that the grant has been used as intended. The Chief Executive will therefore need to provide the added assurance that the grant has been used as intended. They will be required to return a *statement of assurance* confirming the grant has been used as intended and that the RO returns are an accurate reflection of that expenditure.
6. As set out in the grant Conditions, the use of the grant will also be subject to existing local authority financial management requirements and the Department will expect the External Auditor to highlight any issues of concern

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in the LAs account of the grant spend. The detailed requirements are set out in the final grant conditions which have been published on the DH website.

### **Public health returns**

7. Local authorities will be required to send quarterly high-level returns of their expenditure and a more detailed annual return (i.e. RO form) setting out how the grant has been used. The proposal in the draft grant conditions was for the returns to be sent to the Department.
8. Responders suggested that the public health return should be collected through the Department for Community & Local Government (DCLG).
9. Following further deliberation about these administrative arrangements with DCLG this feedback has been accepted. It has been decided that in accordance with existing practice, both the quarterly (Quarterly Revenue Outturn) and annual return (RO form) should be sent to DCLG who will share them with Public Health England (PHE). PHE will be responsible for reviewing the public health returns on behalf of the Department and the Secretary of State for Health and will analyse the returns and report their findings to the Secretary of State.

### **Local authority accounting basis**

10. Some responders commented that the draft wording for the section in the grant Conditions which defines the grants "Eligible expenditure" implied accounting would be done on a cash accounting (or defrayed expenditure) basis.
11. This is not what was intended so it was decided that the final wording of the grant Determination would be amended to reflect current accounting practices which are done on an 'accruals' basis.

### **Eligible expenditure**

12. Some responders felt some of the exclusions in the section of the draft Grant Conditions which lists the items that the grant should not be spent on were incorrect. Most of the comments centred on the following exclusions:
  - b) payments for activities of a political or exclusively religious nature.
  - e) interest payments or service charge payments for finance leases.

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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 [9] (i.e. eligible expenditure).

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.

13. Others responders commented that it needed to be made clear that the grant could be spent on some specific activities e.g. overheads, ancillary staffing or support costs like interest payments, service charges on finance leases, statutory fines and any audit costs ought to be classed as eligible. Some responders also wanted clarification of where capital expenditure should be recorded.

14. The Department decided not to devise a comprehensive list of eligible items as we do not think it will capture everything that should be included, but it is our intention to exclude items we feel certain should not be eligible. Following further engagement with DCLG and HM Treasury the Department retains the view that all the exclusions should be retained.

15. In the case of capital expenditure, while the grant cannot 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. The Capital Outturn Return will be used to record any spend on capital expenditure. Further details are provided in the grant Determination (Conditions) which have been published on the DH website.

**Public Health Policy & Strategy Unit  
Department of Health**