DECISION REPORT

From: Dr Anjan Ghosh, Director of Public Health and Richard Ellis, Director Adults and Integrated Commissioning

To: Dan Watkins, Cabinet Member for Adult Social Care and Public Health

Subject: **Public Health Service Transformation and Partnerships; Kent Community Health NHS foundation Trust (KCHFT)**

Decision no: **24/00036**

Key Decision:

- A county wide decision and effects more than two electoral divisions
- Involves expenditure of more than £1m

Classification: Unrestricted

Past Pathway of report: Health Reform Public Health Cabinet Committee 14 May 2024

Future Pathway of report: Cabinet Member Decision

Electoral Division: All Kent electoral divisions

Is the decision eligible for call-in? Yes

Summary:

The Public Health Service Transformation programme aims to improve all services in receipt on the Public Health Grant, to ensure that services are efficient, evidence-based and deliver the outcomes and best value.

Good progress has been made on the programme, the work is now in the fourth phase, which is concerned with identifying potential alternative service delivery, options and drafting an outline business case. Due to the number of service areas being reviewed, the complexity and potential risks associated with transformation, the work will be planned and delivered in a phased approach.

A large number of the Public Health services are delivered through a partnership agreement with Kent Community Health NHS Foundation Trust (KCHFT). The partnerships (procured under regulation 12(7) the Public Contract Regulations 2015) have proved to be an effective mechanism to secure quality health services for Kent residents and year on year efficiency savings. Other services within the scope of transformation, span a range of providers including non for profit, District councils

and private suppliers.

To support the transformation work, it is recommended that a 12-month extension to the KCHFT partnership is approved by Kent County Council. This extension would help to maximise opportunities and minimise potential risks, which could include de-stabilising workforce, impacting local residents and reduction in performance. During the extension period, the transformation work will continue and be delivered at pace in areas where complexity is low and the preferred model is clear. Where there is more risk and or complexity, the extension would allow time to fully consider the impacts. The committee will be presented with regular updates and changes to commissioning models for endorsement.

The extension would manage internal and external resources to deliver this work alongside business as usual and a number of strategic projects, such as investing additional Office for Health Improvement and Depravities (OHID) funding for smoking and supporting delivery of family hubs. The extension also allows for additional time to build on the engagement with local markets, providers and stakeholders including residents.

Recommendation(s):
The Cabinet Member for Adult Social Care and Public Health is asked to:

(a) **EXTEND** the Kent Community Health NHS Foundation Trust (KCHFT) partnership for 12 months, from 1st April 2025 to 31st March 2026, to support the Public Health Service Transformation programme; and

(b) **DELEGATE** authority to the Director of Public Health to take other relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision to extend.

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1. Introduction

1.1 Kent County Council (KCC) Public Health is leading a transformation programme designed to improve service delivery to communities, particularly targeting underserved communities. The transformation work aims to ensure that services are efficient, evidence-based, deliver outcomes and best value.

1.2 Future Public Health services need to be innovative, sustainable, and responsive to the needs of our changing communities, and actively contributing to KCC's Securing Kent's Future[1]. The programme provides an exciting opportunity to review twenty-one service areas with the aim of improving future services for Kent residents.

[1] **https://democracy.kent.gov.uk/documents/s121235/Securing%20Kents%20Future%20-%20Budget%20Recovery%20Strategy.pdf**

1.3 The last time services were reviewed in this way was 2017 and there is a real need to enhance and improve these key preventative services and respond to changing needs and emerging issues in the population.

1.4 Health Reform Public Health Cabinet Committee were previously updated on the transformation programme in September 2023, January and March 2024. Further updates and details of changes will continue to be shared to ensure the committee is able to shape and engage with this programme of work.

2. Background and Scope

2.1 Public Health funds a range of prevention services which can play a key role in preventing ill health and associated costs. Services within the Public Health portfolio include; the Kent Health Visiting Service, Sexual Health Services including pharmacy and the condom programme and psychosexual therapy, Postural Stability, Adult Lifestyle Services including NHS Health Checks and Substance Misuse.

2.2 Significant care is needed to maintain statutory services delivered to Kent residents, ensure workforce is not destabilised and manage internal and external staffing resources associated with the change. There are many opportunities to better embed prevention and enhance impact such as a greater focus on promotion positive oral health or education on vaping.

2.3 Services in the scope of the transformation programme are:

- Public Health Commissioned Services
- Grant Funded Projects (e.g. Health Living Centres)
- Public Health funding to other KCC departments / services that supports delivery of Public Health outcomes

2.4 Overall, the performance of services within the partnerships is good and Key Performance Indicators are, in the main consistently met. However, there are always opportunities to improve, innovate and respond to support best value demands, whilst also responding to changes in the macro environment.

2.5 The review of services is a normal part of the commissioning cycle and Public Health contracts are continually monitored to drive continuous improvements. However, the transformation work aims to support opportunities, look across services and consider how maximising impact through better supporting cross cutting themes, gaps or new evidence.

2.6 Whilst the aims of this programme are not primarily financially driven (other than ensuring an overall balanced budget), value for money and efficiency of the services funded is integral to the outcomes of this work. As such, financial savings may be delivered through identifying and delivering new innovative approaches.

2.7 The programme is complex with many interdependencies such as NHS Kent and Medway Integrated Care Board (ICB) recommissioning of community services, family hubs, Office for Health Improvement and Disparities (OHID) grants. There are also many cross-cutting themes such as training, property and digital.

3. Public Health Transformation Programme

3.1 Progress to date

3.1.1 The transformation programme commenced in July 2023 and has completed the first three phases; planning, information gathering and delivering a series of engagement workshops. It is now in its fourth stage and progress is listed below:

- Phase 1 – Planning. Phase one consisted of planning and preparing for the transformation programme project; recruiting the Project Manager and developing the project methodology.

- Phase 2 – Evidence and information gathering. For each Public Health service area a proforma has been produced, which contains; performance data, benchmarking data, a review of the current model, outcomes evidence, insight that exists and needs assessment information. In total, twenty-one proformas have been produced and gone through a quality assurance process.

- Phase 3 – Engagement workshops. Following the collection of evidence (as outlined above), engagement workshops for each service have been completed, where information was shared for discussion. Attendees consisted of Public Health consultants, commissioners, providers and key stakeholders from across the health system.

3.1.2 The purpose of the engagement workshops was to explore the future commissioning models for Public Health services. The feedback from these engagement workshops has been collated, with every provider/stakeholder having an opportunity to provide feedback. A new vision for each service has been developed from the workshops and themes have been identified, which will support the development of future options.

3.2 Planned work

<u>Service User views</u>

3.2.1 The reach of people who benefit from Public Health services each year is large. In Q3 2023/24 68,050 families received a mandated health and wellbeing review delivered by the health visiting service[2] and 30,188 eligible people aged 40 – 74 received an NHS health check, many of whom will have experiences and views of how the service could be improved. Understanding

[2] This is a 12-month rolling figure

the views of the people of Kent and those people who also use public health services will be critical to the success of this project and feedback from people who use their services will be used to drive improvements.

Insight from Kent residents and underserved communities

3.2.2 Gathering feedback and insight from underserved communities can be challenging, but critical, so new insight work has been commissioned is due to conclude at the end of June 2024. The insight work will also be used to inform future approaches and service design. The researchers conducting the insight work will take the opportunity to talk with Kent residents and ask if they would like to participate in future engagement points along the programme i.e. when refining a preferred service option.

Outline business case development

3.2.3 The fourth stage (the current phase) of the programme involves using evidence collated earlier in the process, to start to develop an outline business case. In this phase, information from the earlier phases i.e. the development of service area proformas (that included information on; benchmarking of outcomes and cost, performance, market analysis, insights) and the stakeholder engagement workshops (whereby stakeholders including current providers expressed their views of how services could be transformed), to create a list of potential, alternative service models that could be considered.

3.2.4 The business case will be informed by a robust options appraisal process. The options will be reviewed using a multi-criteria decision-making process. The programme has identified a number of Critical Success Factors (CSFs) and each potential service option will be assessed against each Critical Success Factor. These CSFs include evidence of cost effectiveness, measurable impacts, outputs and outcomes, demand reduction, tackling health inequalities, alignment of stakeholder and resident views and net financial savings. Each potential service model will be assessed against the Critical Success Factors and ranked and will be financially weighted. The short list of options, including a preferred option will be included within an outline business case.

3.2.5 The business case will set out a recommended commissioning model and includes Equality Impact Assessments (EQIAs) and Data Protection Impact Assessments (DPIAs). The outline business case will go through a series of quality checks and will be externally peer reviewed.

Local engagement

3.2.6 Following the development of the outline business case, local engagement will take place. The purpose of this phase is to; test the preferred model with parties and residents, to gain further feedback on services in scope, models being considered and on the preferred approach and to obtain feedback to refine the model.

3.3 After the local engagement phase, the preferred service model will be revised, in line with stakeholder and resident's views, where this is feasible (i.e. delivers the same outcomes within the financial envelope).

3.4 Consultation will then take place (if there is a significant change proposed), and then the commissioning plan and implementation will follow. In the latter stages of the programme a full business case will be produced. This business case will include; make, buy sell analysis, a commercial plan, management resources and an implementation plan. Alongside the development of the full business case, a specification will be developed.

4. Partnerships

4.1 Many of the services within the scope of the transformation programme expire at the same time (March 2025) as they form part of overarching partnership contracts with Kent Community Health NHS Foundation Trust (KCHFT) and Maidstone and Tunbridge Wells (MTW) NHS Trust[3]. In September 2017, KCC took the decision to create an innovative partnership with KCHFT and MTW to maximise the opportunity to improve the health of Kent residents and deliver common objectives. The partnerships offer Public Health value for money through quality services and year on year efficiency savings.

4.2 KCHFT provide KCC with the following services; Kent Health Visiting services, School health services, Adult lifestyle services, NHS Health Check services, postural stability services, oral health services and East Kent sexual health services.

4.3 The KCHFT partnership has supported delivery of a number of shared objectives such as influencing public health systems, reducing health inequalities, delivering innovation and improving efficiency. It has also enabled successful management of significant challenges including financial pressures and workforce stability. This was particularly important during the COVID pandemic, where service performance was impacted but because services were under partnership they benefitted from the stability and assurance that brought to workforces.

4.4 The proposal set out in this paper is to extend the KCHFT partnership for 12 months and sits alongside an extension for other partnership services delivered via MTW. An extension would help to:

- Destabilisation of the provider – transformation of these services is taking place at the same time as ICB commissioning and the outcome of both may change the sustainability of KCHFT as a key supplier in Kent.

- Minimise risk of destabilising the workforce; many services have specialist roles which are challenging to recruit to such as Health Visitors, impacted by national shortages. As the end of the contract

[3] **Issue details - 19/00064 - Kent County Council and Kent Community Health NHS Foundation Trust collaborative partnership - delivery and transformation of Public Health services**

approaches, staff may choose to move organisation. The change of service model and/or supplier needs to be carefully managed.

- Maximise interdependencies – this is a complex programme with many interdependencies and sufficient time is needed to explore and consider these in full. For example, HIV commissioning is currently part of sexual health services but funded by NHSE (NHS England) and due to transfer to the ICB (NHS Kent and Medway Integrated Care Board). Health Visiting is closely linked to the new Family Hub model.

- Allow time to balance resources of Public Health and Integrated Commissioning staff in KCC across a number of recommissioning programmes.

- Develop comprehensive business cases for alternative service delivery models, including financial appraisals.

- Develop understanding and application of new procurement legislation by taking a stagged approach across the transformation.

- Build further insights (both service user insights and insights with underserved communities who do not currently access services, but may benefit from accessing services)

- Build engagement with existing providers and other providers in the market and help to shape commissioning models and drive up market interest where this can support best value.

4.5 Not all services will need a full 12-month extension, replacement arrangements for some services may be put in place sooner, however the full 12-month extension will be required in some instances.

5. Public Health Transformation Programme timescales

5.1 The programme aims to return to Health Reform Public Health Cabinet Committee on 2 July 2024 to present an overview of the transformation programme timings for individual services, as well as presenting the proposed changes to Substance Misuse service model and the proposed procurement approach. All replacement services will be put in place between 31 March 2025 and 31 March 2026 or before.

6. Options considered and dismissed, and associated risks

6.1 Option 1 – Re-procuring services and putting in place new contracts for 1st April 2025. This option has been dis-regarded because there would be little time and officer capacity to ensure services offer the best value and will not allow time to explore alternative service delivery models. With the extension, the service and the workforce will not be de-stabilised and service quality will not be compromised.

6.2 Option 2 – Contracting outside of the partnership. This option is not considered suitable in the short-term as the partnership offers Kent, high

quality, stable services within a financial envelop that offers value for money, operating within a partnership. The risk of discontinuing these services in the partnership, at this time, could have an adverse impact on the provider, their workforces and quality.

6.3 The recommendation is to review services individually and re-procure services on an individual basis, with all new services in place before 31st March 2026.

6.4 Risks of not taking an extension on the KCHFT partnership include; potential workforce disruption, internal staff having to manage significantly high pressured and more complex workloads, uncertainty around timescales and timescales not being met.

7. Financial Implications

7.1 The investment of the Public Health grant into the KCC KCHFT partnership during the extension year will be similar to the 2024/25 investment, which is in the region of £42m. The exact amount (in the extension year 2025/26) will be dependent on the final pay settlement for NHS staff and also activity levels of delivery and associated payments. KCC and KCHFT operate an open book accounting policy which supports the transparency of costs, helping to ensure KCC set budgets based on actual costs. The open book accounting policy will remain in place for the duration of the extension period.

7.2 All parties will remain committed to delivering efficiencies and financial savings in the extension year in line with current terms to ensure best value. KCC will closely monitor expenditure alongside performance.

7.3 There will continue to be regular review of service performance including quality, financial benchmarking, user feedback and analysis of the service offer against need. Commissioners will continue to monitor the arrangements and expect performance and statutory obligations to be maintained. Termination of the arrangement will be an option for both sides as a last resort.

7.4 Services within the partnership demonstrate strong evidence of reducing longer term health and social care costs and it will be important to ensure these services support areas of greatest impact.

7.5 The Kent Public Health Observatory conducted a review of the services within the Public Health portfolio and the Return on Investment (ROI) (see Appendix 1) that those services generate (based on national data sources). National evidence indicates that;

- alcohol identification and brief advice (IBA) produces a £27:£1 ROI,
- that smoking (tobacco control services) produce a £11.20: £1 ROI

7.6 There are ROI examples across the Public Health portfolio, demonstrating that these services, delivered within both partnerships represent value for money and are a good investment of the Public Health Grant.

8. Legal implications

8.1 Integrated Commissioning sought and received legal advice on the matter of partnership extension. The advice received is detailed below.

8.2 On the basis that the main subject matter of the KCHFT partnership agreement is healthcare services, and providing the agreement was entered into pursuant to regulation 12(7) of the Public Contracts Regulations 2015 (PCR"), this agreement falls to be treated as an agreement for healthcare services for the purposes of the Health Care Services (Provider Selection Regime) Regulations 2023 ("PSR").

8.3 The PSR regulations provide a few grounds for making a contract modification without having to follow a new PSR procurement process. Depending on the confirmation of the contract values involved, Regulation 13(1)(d) of the PSR provides a ground to rely upon for the partnership agreement to be extended provided that the terms of the extension would not render the contract materially different in character and the cumulative change in the lifetime value of each contract since they were entered into or concluded would be less than 25% of the lifetime value of the original contract when it was entered into or concluded, or below £500,000.

8.4 It should be noted that if relying upon this ground, the Council must submit a notice of the modification for publication on the UK e-notification service in relation to each agreement, within 30 days of the modification as the extension is worth more than £500,000.

8.5 Where the Council does rely on Regulation 13(1)(d) PSR, it needs to be aware that a 25% increase in the lifetime value of the original contracts must also be considered alongside any increase in contract spend over the lifetime of the contracts, so as not to exceed the 25% allowance.

8.6 The lifetime value of the KCHFT partnership is approximately £203m, budgeted up to 31 March 2025. The estimated value of the proposed KCHFT 12-month extension up to 31 March 2026 is in the region of £42m (excluding nationally set and agreed NHS pay increases for staff) which is equivalent to nearly 21% of the lifetime value (and would therefore not exceed the 25% allowance).

9. Stakeholder engagement

9.1 The Public Health Service Transformation Programme is engaging with a variety of internal and external stakeholders, including service providers.

9.2 Internal KCC stakeholders include Corporate Management Team, Directorate, divisional management teams, as well as elected members.

9.3 External stakeholders include; district and borough councils, the Integrated Commissioning Board, current and potential suppliers, the Local Medical Committee, The Local Pharmacy Committee, Health and Care Partnerships (HaCPs), Voluntary Community and Social Enterprise (VCSE), Police and Crime Commissioner and other local authorities.

9.4 The transformation programme will keep stakeholders informed about opportunities to feed into the programme, programme progress and key decisions.

10. Commercial considerations

10.1 The introduction of new procurement legislation, Provider Selection Regime (PSR) on the 1st January 2024, which applies to the procurement of healthcare services only, has resulted in the need to consider which procurement legislation applies for the given services Public Health are seeking to procure. The new legislation provides local authorities with greater flexibility to build on contracts where it can be demonstrated the provider is doing a good job.

10.2 Contracting mechanisms will need to provide the flexibility for both Commissioner and Provider to innovate to deliver new models of delivery, while ensuring controls are in place to protect Public Health investment.

10.3 Based on the analysis undertaken as part of the transformation programme, Public Health will seek to build on existing relationships where it is evident the provider is doing a good job and are delivering good value for the Kent resident, harnessing new procurement legislation as appropriate. Competitive processes will be undertaken to bring enhancements to contracts where appropriate.

10.4 There is no intention to exceed the 25% allowance over the 12-month extension. There will continue to be budget controls in place to ensure expenditure does not exceed the budget set.

10.5 The KCHFT partnership extension will support continuation of these complex and specialised services and ensure continuity for residents and staff. There is a limited alternative market for a number of these services and as such this extension allows additional time to support market engagement and development where required. Key commercial considerations include best value, quality delivery and good performance and these will remain a key focus over the period of the extension.

10.6 Quality of services – the performance of services delivered by KCHFT (and all services) are regularly reported to the Health Reform Public Health Cabinet Committee and services regularly meet or exceed set targets.

10.7 Market providers – the range of services delivered by KCHFT varies, in some service areas there are limited alternative service providers, due to the specialist nature of the services and workforce, whilst for other areas, alternative providers could potentially be considered.

11. Governance

11.1 All decisions relating to this programme of work will be taken in line with the council's governance processes and regular updates will be shared with this committee.

11.2 Details of the transformation work will be shared internally with the Directorate Management Team (DMT) and Corporate Management Team (CMT) as required.

11.3 The Director of Public Health is the Senior Responsible Officer and will provide strategic leadership to the programme through the Public Health Service Transformation Steering Group. This group includes representatives from HR, finance, commercial, commissioning and communications. Discussions have taken place with Invicta Law who are sighted in the programme and will be involved as needed.

11.4 The Assistant Director for Integrated Commissioning is leading the Transformation Programme Delivery Group which reports to the Steering Group. The Assistant Director also engages with relevant parties such as; communication teams, commissioners, performance and Consultants in Public Health.

12. Risks

12.1 Delivery within timeframes – A project management approach is being applied to the transformation work, and a dedicated Project Manager and Project Officer have been recruited. Contracts that are expiring soonest, with less risk are being reviewed first, giving enough time to more complex/riskier contracts. This is particularly important with the new Provider Selection Regime (PSR) legislation that is at present, untested.

12.2 Resources – capacity of staff and stakeholders to engage in the programme of work within the timescales, given the majority of work is within existing resources. At present there is a risk of internal staff having to manage significantly high pressured and more complex workloads without the proposed extensions in place. With the extensions in place, work will be challenging but more manageable.

12.3 Stability of workforce – developing a sustainable workforce is key to being able to deliver services efficiently, effectively and safely. The new Provider Selection Regime (PSR) legislation, changes in the health system landscape and the uncertainty of future contracts is a risk that could result in de-stabilising the workforce (leading to high staff turnover and loss of productivity). The proposed partnership extension will help to reduce some of these risks.

12.4 Provider stability – KCHFT provide services to KCC and also provide services to the NHS Kent and Medway Integrated Care Board. It is important that any change in KCC service provision is managed carefully to ensure there are no unintended consequences across the system or to the supplier. KCC's investment with KCHFT represents a significant proportion of their revenue[4] and as such potential service change, needs to be carefully considered.

12.5 Costs – the preferred new service models cannot exceed current financial allocations and the methodology will utilise cost effective approaches.

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[4] KCC's investment into KCHFT represents 17% of their revenue, based on 2022 financial year.

However, if budgets are not set high enough then there may not be a market to deliver services.

12.6 Limited opportunities to deliver savings – with increased demand and caseloads across Public Health being more complex, there may be reduced opportunities for the programme to deliver financial savings.

12.7 Missing opportunities to jointly commission – the result of moving ahead at pace (without an extension) to procure new contracts could result in missing out on potential future joint commissioning opportunities, resulting in continued and fragmented commissioning. Ongoing conversation with other commissioners and extending the partnerships will help to mitigate this risk.

12.8 External funding security – a series of additional investments have supported enhancement and development of new services. This includes Start for Life, substance misuse, weight management and stop smoking services. In addition, the Public Health Grant allocation and income for NHS pay (for commissioned health services) is often received annually. Lack of clarity on future funding levels makes it challenging to confirm budgets for these services. Mitigations will include; contractual break clauses and pricing reviews.

12.9 Changes in national guidance – for example, national policy or programme guidance for delivery. To mitigate this, staff will engage with national networks and providers and develop mechanisms for managing change through contracts.

12.10 In summary, due to the complexity and number of components within Public Health services, combined with the changing commissioning arrangements in the health system and the uncertainty that the new PSR legislation brings, enacting a contract extension will enable a longer term, more forward-thinking view that aligns with external factors (such as legislation and confirmation of budgets) and opportunities (such as joint commissioning).

13. Conclusions

13.1 The Public Health Service Transformation Programme presents an exciting opportunity to apply evidence-based thinking and collaboration to transform prevention services in Kent. The programme is well underway has, reviewed and collected data and evidence, delivered engagement workshops for providers and external stakeholders, beginning to review service option models and developing an accompanying business case.

13.2 Many of the services contained within the KCHFT partnership are currently being delivered to a high quality and the partnership is an effective mechanism for their delivery. KCC’s investment in services, represents a significant proportion of KCHFT’s revenue and changes to the partnership need to be managed carefully to avoid unintended consequences with the provider and across the system.

13.3 It is recommended that the partnership with KCHFT is extended for a maximum period of 12 months to secure stability across the workforce and services, through the period of Public Health Service Transformation. It is anticipated that not all services will use the full 12 month extension.

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14. Recommendations:

14.1 The Cabinet Member for Adult Social Care and Public Health is asked to:

a) **EXTEND** the Kent Community Health NHS Foundation Trust (KCHFT) partnership for 12 months, from 1st April 2025 to 31st March 2026, to support the Public Health Service Transformation programme; and

b) **DELEGATE** authority to the Director of Public Health to take other relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision to extend.

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