

From: Andrew Ireland, Corporate Director of Social Care, Health and Wellbeing

To: Roger Gough, Cabinet Member for Education and Health Reform

Date: 17 March 2016

Decision No: 16/00003

Subject: HEALTHWATCH CONTRACT

Classification: Unclassified

Past Pathway of Paper: Social Care, Health and Wellbeing DMT – 16 December 2015
Adult Social Care and Health Cabinet Committee – 14 January 2016

Future Pathway of Paper: Cabinet Member decision

Electoral Division: All

Summary: This report sets out arrangements to invoke the permissible two year contract extension within the current Healthwatch Kent contract. The original contract was let in April 2013.

If agreed, the extension will be from 1 April 2016 to 31 March 2018 for the maximum two years as per the terms and conditions of the original contract. With an optional one year break clause available at the end of year one (31 March 2017).

The value of the extension is £666,270 per year equating to £1,332,540 over the two years.

Recommendation: The Cabinet Member for Education and Health Reform is asked to:

- a) **EXTEND** the Healthwatch Kent Contract from 1 April 2016 to 31 March 2018, with an optional one year break clause available at the end of year one (31 March 2017); and
- b) **DELEGATE** authority to the Corporate Director of Social Care, Health and Wellbeing, or other nominated officer, to undertake the necessary actions to implement the decision.

1. Introduction

1.1 This report seeks agreement to extend the current contract with Engaging Kent, a Community Interest Company for the provision of an independent consumer champion for health and social care users; Healthwatch Kent. The contract extension will be for the maximum of two years permissible within the original contract. The period of extension will be 1 April 2016 to 31 March 2018.

1.2 Healthwatch Kent has been established since April 2013; it is considered to be providing a good service, with a good reputation nationally and has worked hard to establish itself as a strong and sound organisation. There would be no benefit to the council or the people of Kent to recommission the Healthwatch Kent contract at

this stage as the organisation is providing a good service with good prospects for continuing to position itself across Kent as a credible consumer champion.

- 1.3 In considering how the council should continue to meet its statutory obligations relating to local Healthwatch, extending the current contract is considered to be the preferred option. Retendering at this stage would bring no added value, would incur unnecessary cost within the council and service disruption to those who benefit from Healthwatch Kent support.

2. Financial Implications

- 2.1 The current total Healthwatch Kent budget allocation is £891,500 consisting of the following elements

Description	Amount
KCC Base Budget	£550,100
Community Voices Grant*	£341,400
Total Healthwatch Kent Allocation	£891,500

*awaiting confirmation of 2016/17 allocation, assumption made this will be received

- 2.2 Upon transfer of the Healthwatch Kent contract to Strategic Commissioning the management of the contract has been subsumed within the work of the unit which has realised savings.

- 2.3 Discussions regarding an achievable reduction in contract value have taken place with the Engaging Kent CIC Board of Directors and a reduction of £65,130 (8.9%) to the contract value has been agreed for the period of the contract extension.

- 2.4 Historically contingency funds above and beyond the contract value have been made available via additional business cases. It has been made very clear to Healthwatch Kent only the contract value will be available for this year and for the proposed extension period.

- 2.5 The current cost of providing a Local Healthwatch service for Kent, the cost of providing the service for the period of the extension and the potential savings over a one and two year period are outlined below.

2.6 Service costs per year – 1 April 2013 to 31 March 2016

Description	Amount
Contract Value	£731,400
Contract Manager Costs and Contingency	£160,100
Total Spend	£891,500

2.7 Efficiencies Over remaining 2 years of Contract

Description	Source	Amount Saved
Contract with 8.9% efficiency applied	Healthwatch Contract Value	£130,260
Contract Manager Costs and Contingency	KCC Internal efficiencies	£178,000
	Total Savings over 2 years	£308,260

- 2.8 Strategic Commissioning is intending to seek further savings in year 2 of the Healthwatch Kent contract extension period through the break clause.

3. Links to KCC's Strategic Framework

3.1 Healthwatch Kent support services and contribute to KCC's Strategic Outcomes:

- Older and vulnerable residents are safe and supported with choices to live independently
- Children and young people in Kent get the best start in life

3.2 The services particularly contribute to the following Supporting Outcomes:

- Families and carers of vulnerable and older people have access to the advice, information and support they need
- Residents have greater choice and control over the health and social care services they receive
- The health and social care system works together to deliver high quality community services
- Children and young people have better physical and mental health

4. Legal Implications and History of the Contract

4.1 Amendments to the Local Government and Public Involvement in Health Act 2007 (as amended) (the 2007 Act) introduced by the Health and Social Care Act 2012 provided the statutory basis for local Healthwatch.

4.2 From 1 April 2013 the council was required to establish within its area an effective Local Healthwatch to carry out the functions set out in the Act. These functions are:

- Promote and support the involvement of people in the monitoring, commissioning and provision of local care services;
- Obtain the views of people about their needs for and experience of local care services and make those views known to those involved in the commissioning, provision and scrutiny of care services; and
- Make reports and recommendations about how those services could or should be improved to those involved in the commissioning, provision and scrutiny of care services;
- Provide information and signposting to the public about accessing health and social care services and choice in relation to aspects of those services;
- Reaching views on the standard of provision of local care services and how they could or ought to be improved and making those views and experiences of people known to Healthwatch England, helping it to carry out its role as national champion;
- Make recommendations to Healthwatch England to advise the Care Quality Commission (CQC) to carry out special reviews or investigations into areas of concern (or, if the circumstances justify it, go direct to the CQC with their recommendations, for example if urgent action were required by the CQC).

4.3 The 2007 Act requires that the body contracted to be the local Healthwatch must be a body corporate which is a social enterprise (i.e. a body which might reasonably be considered to act for the benefit of the community).

4.4 In 2013 the contract was awarded to Engaging Kent a Community Interest Company for the provision of a local Healthwatch for Kent for the period April 2013 – March 2016 with an optional contract extension of up to two years.

4.5 In April 2015 responsibility for the Healthwatch Kent contract transferred to Strategic Commissioning. The Contract has been reviewed and the council is satisfied that it is providing good outcomes with good prospects for improving impact. Work is in progress to ensure that Healthwatch Kent has a robust work programme and that their efforts complement and support key areas of transformation within health and social care. Social care commissioners are keen that Healthwatch Kent becomes a strong champion for the voice of people using social care services; much of the work to date has had more of a health focus. Attached as Appendix 2 is a statement regarding Healthwatch Kent's activities - Author Steve Inett CEO of Healthwatch.

4.6 Healthwatch Kent sits on the Kent Health and Wellbeing Board and the local Health and Wellbeing Boards across Kent.

4.7 The Healthwatch Kent budget responsibility moved from the Growth, Environment and Transport Directorate to Social Care, Health and Wellbeing (Adult Social Care) Directorate in April 2015.

4.8 However, the Cabinet Member for Education and Health Reform remains the lead Member in relation to Healthwatch. Therefore, in terms of governance the Cabinet Member for Education and Health Reform will take the final decision to extend the Healthwatch contract via the Adult Social Care and Health Cabinet Committee.

5. Comparison of County Council Local Healthwatch Funding

5.1 It should be noted that the Local Healthwatch budget comes under regular scrutiny from Healthwatch England, who annually publish reports about the level of each councils spend on Local Healthwatch provision and any changes in that spend. <http://www.healthwatch.co.uk/resource/state-support-local-healthwatch-finances>

5.2 Healthwatch England is a statutory committee of the Care Quality Commission.

5.3 A comparison was made of KCC's and other County Councils funding commitment to Local Healthwatch. This is outlined below and shows spend committed per resident of each Authority.

County Council	Local Healthwatch Funding 2015/16 ¹	CC Population ²	Spend Per Person
East Sussex	£395,000	539,766	£0.73
West Sussex	£584,000	828,398	£0.70
Norfolk	£605,000	877,710	£0.69
Suffolk	£484,014	738,512	£0.66
Gloucester	£382,000	611,332	£0.62
Devon	£468,295	765,302	£0.61
Staffordshire	£512,000	860,165	£0.60
Lincolnshire	£432,732	731,516	£0.59
Cumbria	£286,000	497,874	£0.57
Surrey	£666,240	1,161,256	£0.57
Worcestershire	£320,000	575,421	£0.56
Warwickshire	£304,000	551,594	£0.55
Essex	£780,000	1,431,953	£0.54

Lancashire	£638,000	1,184,735	£0.54
Oxfordshire	£335,000	672,516	£0.50
Northamptonshire	£355,000	714,392	£0.50
Kent	£730,000	1,510,400	£0.48
Cambridgeshire	£287,602	639,818	£0.45
Nottinghamshire	£335,000	801,390	£0.42
Derbyshire	£321,114	779,804	£0.41
Hertfordshire	£455,000	1,154,766	£0.39
Somerset	£199,047	541,609	£0.37
Hampshire	£475,374	1,346,136	£0.35
Leicestershire	£200,000	667,905	£0.30
North Yorkshire	£140,894	601,536	£0.23

1: Source - Report State of Funding - Author Healthwatch England - 18/08/2016

2: Source - Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2014 - Office of National Statistics

6. Options for Consideration

6.1 Options considered and dismissed – including maintaining the status quo

- i. **Do nothing** - The contract would come to an end and there would be no local Healthwatch operating in Kent. The council would then be in breach of its statutory obligations.
- ii. **Start a new procurement process** - This will require the council to run a procurement process to appoint a new provider of Healthwatch, incurring additional costs and potentially disrupting service delivery.
- iii. **Extend the existing contract** - This option would provide continuity of service through the current provider and ensure that the council continues to meet its statutory requirements.

7. Contract Review and Future Service Commissioning

7.1 Healthwatch Kent is supporting Leeds Beckett University and Healthwatch England to develop a set of Quality Statements which outline what it means to be a local Healthwatch, enable local Healthwatch to understand how they are doing and identify areas for improvement and development. It will also provide a framework to help local Healthwatch discuss impact, performance and effectiveness with their commissioning local authority.

7.2 This work will provide valuable service quality and impact intelligence from partners, stakeholders and Kent residents that will be used to inform future service planning and commissioning intentions.

8. Equalities Implications

8.1 There are no equalities implications of the suggested action.

9. Conclusion

9.1 Following the Adult Social Care and Health Cabinet Committee Meeting on 14 January 2016 when the proposed decision was endorsed, subsequent discussions regarding an achievable reduction in contract value have taken place with the Engaging Kent CIC Board of Directors and a reduction of £65,130 (8.9%) to the contract value has been agreed for the period of the contract extension.

9.2 Healthwatch Kent has provided a good service and is continuing to develop effective networks across Kent. The extension of the contract will ensure continuity of service and ensure people and communities are given a voice through an established and recognised organisation while realising significant savings.

10. Recommendation

10.1 Recommendation: The Cabinet Member for Education and Health Reform is asked to:

- a) **EXTEND** the Healthwatch Kent Contract from 1 April 2016 to 31 March 2018, with an optional one year break clause available at the end of year one (31 March 2017); and
- b) **DELEGATE** authority to the Corporate Director of Social Care, Health and Wellbeing, or other nominated officer, to undertake the necessary actions to implement the decision.

11. Background Documents

11.1 [Report State of Funding - Author Healthwatch England - 18/08/2016](#)

11.2 Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2014 - Office of National Statistics - [Data set MYE3 population change for local authorities UK](#)

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