

For General Release

REPORT TO:	Cabinet Member for Safety and Justice
AGENDA ITEM:	Background report to item 19 – Cabinet 16.03.15
SUBJECT:	Healthwatch Services - Award of contract extension
LEAD OFFICER:	Sarah Ireland Director of Strategy, Communities and Commissioning
CABINET MEMBER:	Councillor Mark Watson, Cabinet Member for Safety and Justice
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT Local Healthwatch is a statutory service required under the Local Government and Public Involvement in Health Act 2007 as amended by the Health and Social Care Act 2012	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: Healthwatch contributes to opportunity and fairness through providing a consumer voice for users of health and social care services and their families, helping to ensure that these services are provided appropriately and that any areas of concern are highlighted and dealt with.	
FINANCIAL IMPACT: The value of the contract extension to 31 March 2016 recommended in this report is £245,000 and if extended to 31 March 2017, subject to budget and performance considerations, would be a further £245,000. Therefore, the total cost of the two (2) one-year extensions is £490,000.	
KEY DECISION REFERENCE NO.: This is not a key decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Safety and Justice in consultation with the Cabinet Member for Finance and Treasury is recommended to approve the exercise of the option to extend the contract for the provision of Healthwatch services with Healthwatch Croydon for a one-year term starting on 1 April 2015, with the option to extend for an additional one-year at contract cost of £245,000 each year.

2. EXECUTIVE SUMMARY

- 2.1 This report seeks approval for the extension of the current contract for local Healthwatch services provided by Healthwatch Croydon, initially for one year but with the opportunity to extend for a further year subject to confirmation of the budget and satisfactory performance by the contractor.
- 2.2 The contract included provision for possible extension after the initial term for two periods of twelve months each. However, this was not reflected in the recommendation made to the former Corporate Services Committee and hence was not part of the award decision made by the Cabinet Member. It is therefore necessary to bring this report to seek approval of the contract extensions set out in the recommendation above.
- 2.3 The current contractor has provided a satisfactory service as detailed in the report. 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.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
12 February 2015	CCB0971/14-15

3. DETAIL

- 3.1 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 provide the statutory basis for local Healthwatch.
- 3.2 From the 1st April 2013 the local authority 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 make 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 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).

3.3 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). Regulations prescribe criteria by which a social enterprise in this context is defined.

3.4 It was agreed as part of the original procurement strategy in February 2013 (CCB0692/13) that, as this service fell at that time under the definition of a Part B service in the EU regulations, coupled with the knowledge derived from the experience of other London boroughs' tendering exercises (i.e. lack of providers and tender submissions), that under the Council's Tender and Contract Regulations (7.1) a formal tendering process need not be undertaken as the number of specialist providers was so few that instead a direct award be made to Healthwatch Croydon – a local consortium of providers and representatives of service users.

3.5 On 27 February 2013 the Contracts and Commissioning Board agreed to award a contract for two years to Healthwatch Croydon to carry out the functions of a local Healthwatch (CCB approval reference CCB0699/13)

3.6 At that point in time, funding for local Healthwatch from central government was only agreed for the financial years 2013/14 and 2014/15. With no commitment to further funding from central government it was considered imprudent to enter into a contract beyond 31 March 2015. However, in anticipation that, at a future

date, the government would confirm funding for local Healthwatch for 2015/16 and beyond, provision was made in the contract for extensions after the initial term of two periods of up to twelve months each. While the extension was provided for in the contract, it was not included in the recommendation agreed.

- 3.7 The government has now confirmed funding for local Healthwatch for 2015/16 and this report therefore seeks approval to take the extension options and extend the contract for a period of twelve months to 31 March 2016 and a further period of twelve months to 31 March 2017 subject to confirmation of the budget for 2016/17 and satisfactory performance by the contractor.
- 3.8 Healthwatch Croydon has performed satisfactorily during the contract period. It was a new organisation set up specifically to deliver local Healthwatch services and therefore took some time to become firmly established. However, performance has improved during the contract period and during the most recent monitoring period Healthwatch Croydon has exceeded several of the agreed targets. External stakeholders have expressed satisfaction with the contribution made by Healthwatch.
- 3.9 Further service improvements are planned with an increased focus on external communication to build the profile of Healthwatch with the general public, an increase in 'Enter and View' visits of health and social care settings and building up the information and signposting function. Healthwatch Croydon is also revising its business model, ending the service contracts it has with the Citizens Advice Bureau and Croydon Voluntary Action so that it can integrate its functions more effectively.
- 3.10 The option to retender the contract was considered but was rejected. As mentioned above, the performance of the existing provider has improved and there are plans in place for further improvements. Some London boroughs which decided to retender have reported a market failure with very few potential providers. Of the 11 boroughs which have reported their intentions for 2015/16, only one is not continuing with their current arrangements. On balance, therefore, the recommended option in Croydon is to extend the current contract with the existing provider

4. CONSULTATION

- 4.1 No specific consultation has taken place but the feedback from stakeholders provided as part of the contract monitoring process has been generally positive.

5 **FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Revenue Budget available	265	265	265	265
Expenditure	245			
Income				
Effect of decision from report	0	245	245	0
Expenditure				
Income				
Remaining budget	<u>20</u>	<u>20</u>	<u>20</u>	<u>265</u>
Capital Budget available	0	0	0	0
Expenditure				
Effect of decision from report	0	0	0	0
Expenditure				
Remaining budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

2 The effect of the decision

This is a statutory service to provide a Healthwatch service to residents of LBC. Approval of this recommendation will ensure LBC continues to meet the statutory obligation to have a Healthwatch service available to residents of the borough.

3 Risks

Failure to approve this award recommendation will require LBC to run a procurement process to appoint a provider of Healthwatch. This will incur additional costs in terms of procurement, take more officer time and may result in a less favourable outcome than the collaborative approach adopted by Healthwatch Croydon. A further procurement process would also require interim arrangements to be set up with another party. It would also mean that the Council could fail to meet its statutory obligation to have a local Healthwatch in place.

4 Options

(i) Do nothing. Should Cabinet decide to do nothing, the contract would come to an end and there would be no local Healthwatch operating in Croydon. The Council would then be in breach of its statutory obligations set out in paragraph 3.1 above.

(ii) Start a new procurement process. The risks associated with this option are set out in 5.1.3 above.

(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.

5 Future savings/efficiencies

Budgetary provision already exists for these services.

(Approved by: Dianne Ellender, Head of Finance and Deputy S151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Council Solicitor comments that the contract extension process as detailed in this report complies with the requirements of the Council's Tenders and Contracts Regulations and meets the statutory duty to demonstrate best value under the Local Government Act 1999.

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

7. HUMAN RESOURCES IMPACT

7.1 There are no human resources implications for the Council arising from the extension of the contract to Healthwatch Croydon to fulfil the functions of Healthwatch.

(Approved by: Heather Daley, Director of Human Resources)

8. EQUALITIES IMPACT

8.1 An Equality Analysis was undertaken for the original contract to assess the likely adverse impact the programme would have on protected groups compared to non-protected groups. The analysis concluded that the proposals already included all appropriate actions to advance equality and foster good relations between groups. The original EA identified a range of equalities considerations namely that the health and social care needs of people with protected equalities characteristics will be more fully met. An initial EA has

been undertaken for the extension of the contract, which concluded that there are no additional equality and inclusion considerations.

8.2 If the proposed extension of the current Healthwatch contract was not approved, the Council would be required to make alternative arrangements to ensure the functions of local Healthwatch continue.

9. ENVIRONMENTAL IMPACT

9.1 There are no adverse environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no adverse crime and disorder considerations arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The Council has a statutory obligation to commission local Healthwatch functions as set out in paragraph 3.1 above. For reasons detailed in paragraph 12 below, extending the existing contract with Healthwatch Croydon is considered to be the best option to enable the Council to continue to meet this statutory obligation.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Do nothing. Should Cabinet decide to do nothing, the contract would come to an end and there would be no local Healthwatch operating in Croydon. The Council would then be in breach of its statutory obligations set out in paragraph 3.1 above.

12.2 Start a new procurement process. The risks associated with this option are set out in 3.10 and 5.1.3 above. The current provider is providing a satisfactory service and planned service improvements should bring additional benefits. Balancing this against the uncertainty of commissioning a better service through a new procurement process, extending the existing contract is the favoured option.

CONTACT OFFICER:

Name:	David Freeman
Post title:	Voluntary Sector Manager
Telephone number:	020 8604 7042

BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

None

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