

REPORT OF THE CHAIR OF HEALTH AND WELLBEING BOARD**HEALTHWATCH NOTTINGHAMSHIRE EXTENSION OF CONTRACT AND FUNDING 2016/18****Purpose of the Report**

1. The purpose of this report is to:
 - Brief Members on the role and responsibilities of HealthWatch Nottinghamshire [HWN]
 - Outline options to extend HWN contract to March 2018 and to present options for future funding

Information and AdviceBackground

2. Local HealthWatch [LHW] organisations have been established since 1st April 2013 as required by the Health and Social Care Act 2012. Their activities are primarily covered by section 221 [2] of The Local Government and Public Involvement in Health Act 2007. LHW took over a number of powers from Local Involvement Networks [LINKs], including collecting local views and powers of entry to hospitals and care homes. LHW can escalate concerns to HealthWatch England and the Care Quality Commission.
3. They also have a statutory place on the local Health and Wellbeing Board. All 152 local authorities with social care responsibilities are required to commission a LHW and an Independent Complaints Advocacy Service [ICAS] either as part of or separate from HealthWatch.
4. Policy Committee on 12th September 2012 approved the procurement of HWN and ICAS separately. The advocacy service is delivered by POHWER [a registered charity]. The service is commissioned jointly with Nottingham City Council and the Clinical Commissioning Groups. This contract has been extended to March 2016. A consultation is now underway to consider a new advocacy model from 2016 which takes into account considerable extra demand on statutory advocacy services.
5. As the procurement process for HWN was unsuccessful, Policy Committee on 16th January, 2013 approved the establishment of the company HWN through an independent

implementer. In its first two years of operation 2013 to 2015 HWN established its basic operation and infrastructure, recruiting a Chief Executive, a staff team, 45 volunteers and expanding its Board of Trustees. During 2015 the organisation acquired charitable status.

6. HealthWatch is funded by central government through a mix of Local Government Finance Settlement and Local Reform and Community Voices Grant. This funding is given to local authorities with social care responsibilities to commission providers of their local HealthWatch, which is a statutory duty. The contract is managed by the Community and Voluntary Sector Team on behalf of NCC. The Government originally announced a total of £43.5 million for 2013/14 to be handed out to local authorities. The budget allocation for Nottinghamshire was £482, 000 of which £465,000 was passported to HWN in 2013/14.
7. As part of NCC's budget savings 2014/17 the Council decided to reduce its financial contribution to HWN by £145,000 by the end of 2015/16. This has been achieved by a reduction of £95,000 in 2014/15 – grant awarded being £387,000 and a further reduction of £50,000 in 2015/16 resulting in an awarded grant of £337,000.
8. In December 2014 the Government announced a reduction in the Local Reform and Community Voices Grant for 2015/16. This translated into a 40% reduction in the grant available for HWN.

Role and Responsibilities

9. HWN is an independent organisation with statutory duties that supports its role as the 'local consumer champion for patients, service users and the public' and helps to strengthen the public and patient voice in the provision of publically funded health and social care services. These statutory activities cover:
 - Community voice and influence – obtaining the views of local people on their experiences of health and social care services and ensuring that these are presented to and influence, local decision makers
 - Making a difference locally - Make reports and recommendations about how local care services could or ought to be improved. These are directed to commissioners and providers of care services, and people responsible for managing or scrutinizing local care services.
 - Informing people – providing advice and information to local care services facilitating choice
 - Working with HealthWatch England and the Care Quality Commission – to inform their work locally
10. The ways in which HWN seeks to deliver on these include:
 - the establishment of 'Have Your Say Points' in various locations across the county, including council offices, hospitals and community buildings
 - the development of 'Coffee and Chat' sessions to meet with people in relaxed settings to talk about their experiences of health and care services

- engagement activities with children and young people in schools, youth centres and at events
- using its statutory power of 'Enter and View' to visit health and care providers premises to find out how services are experienced by service users at the point of delivery
- hosting events and conferences such as the County's first carers conference on behalf of NCC and local Clinical Commissioning Groups
- influencing local decision makers by producing reports and recommendations to effect change, for example an investigation into users' experience of Renal Transport Services and involving local people in the NHS/NCC Mid Nottinghamshire Transformation Programme which has included the development of a new outcomes framework for new contracts
- a statutory seat on the Health and Wellbeing Board where information and evidence gathered by HWN contributes to discussions on service reconfiguration, the impact of budget reductions and communications across the health and social care landscape.

Continuation of Contract and Future Funding

11. Local HealthWatch is one of the services supported through the Local Government Finance Settlement and as this is not hypothecated, local authorities can choose how to prioritise spending based on local priorities. In addition to this, the Department of Health allocates the Local Reform and Community Voices Grant which includes additional funding for HealthWatch.
12. The Local Reform and Community Voices Grant allocation for Nottinghamshire for 2015/16 is £475,139 and is intended to cover: additional funding for Deprivation of Liberty Safeguards in hospitals; additional local HealthWatch funding and funding for the transfer of Independent Complaints Advocacy to local authorities. This is a reduction of approximately 40% from 2014/15 and has resulted in a budget pressure for NCC as commitment has been made to award £337,000 to HWN for 2015/16.
13. The Local Government Financial Settlement and Local Reform and Community Voices Grant allocations for 2016 onwards are currently unknown.
14. As part of the establishment of HWN, the following contractual arrangements were agreed to take account of HWN being a new organisation directly funded by NCC:
 - HWN contract to run initially from 1st April, 2013 to 31st March 2015 with an option to extend for further year 1st April 2015 to March 2016 subject to satisfactory monitoring and delivery
 - A further option is included in the contract to extend for a further 2 years from 1st April 2016 – 31st March 2018

Financial Implications

15. As outlined in paragraph 8 of this report, the DoH funding allocation for 2015/16 was reduced by £142,000. This reduction in central Government core funding has resulted in a financial shortfall.
16. A significant part of the shortfall for 2016 – 17 can be met from NCC contingency and mainstream budgets with an overall reduction in the HWN budget of 12.5%. This will be split as follows: £50,000 from contingency; [a request will be made to Finance and Property Committee for this allocation] £50,000 from Adult Social Care, Health and Public Protection and a £42,000 reduction in annual grant to HWN.
17. Following clarity on the outcome of the Local Government Spending Review, further consideration will need to be given to funding for 2017/18.
18. Looking forward to 2016/17/18 the funding options for consideration include:
 - Option 1 – To not extend NCC's [Nottinghamshire County Council's] contract with HWN. NCC has a statutory duty to commission as outlined in paragraph 3 to this report. It is unlikely that the Act will be repealed therefore resources to maintain this duty need to be balanced with other statutory duties. HWN is young organisation, with a good local and regional reputation, in its first years of operation it has evolved and developed by adopting robust practices which has built legitimacy to undertake many diverse activities.
 - Option 2 - Retaining the status quo It is unlikely that additional funding for LHW and ICAS will continue beyond 2015/16 and any allocation through the Finance Settlement will have competing demands on it for service provision. Maintaining funding levels at 2015/16 levels for HWN would need to look at what added value HWN brings in providing its current services and core functions.
 - Option 3 – Re-negotiating HWN contract. Within the current contract there is an option to extend for a further 2 years 2016/18 or go out to tender. HWN has a good reputation with service providers and commissioners and as a social enterprise and registered charity it is activity seeking other funding from for example Clinical Commissioning Groups. Given HWN current stage of development and its need to provide a range of statutory functions and activities and the Council's disappointing experience of tendering in 2012/13 this would present challenges in terms of time, finding an appropriate provider and rebuilding legitimacy and credibility.
 - Option 4 – Encouraging Merger between the County and City LHW. Both LHW organisations already work closely together. They share 2 posts which cover informatics and communications. They collaborate on a range of issues and activities, including building relationships with services providers and commissioners e.g. the Health Trust, City Hospital, East Midlands Ambulance Service etc. In terms of economies of scale, both city and county organisations are in the process of shifting from setting up and developing relationships to developing effective processes for carrying out their activities and beginning to achieve impact on changing how services are delivered. These activities are wide ranging and the issue of capacity to effect change for both is key. The current situation could provide an opportunity for

discussions on merger of the two organisations. This would need to be explored further including detailed financial considerations.

Other Options Considered

19. NCC has a statutory duty to commission a LHW as a 'Body Corporate' and a social enterprise. HWN has in turn a set of statutory activities to undertake as outlined above. As part of contract management HWN have developed in consultation with NCC a set of KPIs which measure outcomes to support the delivery of these statutory activities. Since its establishment as a new independent organisation in April 2013, it has developed with the support of its commissioners, a strong organisational base including recruiting staff and volunteers, developing its governance arrangements and growing its governing board from 3 to 8 trustees and opening a satellite base in Bassetlaw CVS offices.
20. There are a number of different operating models for local HealthWatch across the country and different organisations vary widely in how they are organised. Within the current contract there is an option to extend for a further 2 years 2016/18 or go out to tender. HWN has a good reputation with service providers and commissioners and as a social enterprise and registered charity is actively seeking other funding from for example CCGs.
21. The tender process followed in 2012/13 was unsuccessful, in that local organisations did not feel ready or confident to tender to deliver this service. There is no evidence to suggest that this situation has changed significantly at this stage.

Reason/s for Recommendation/s

22. HWN has in its early years of operation developed a robust infrastructure and is developing a strong and creditable reputation with partners, stakeholders, service users and the public. HWN is in the process of shifting from setting up the organisation and developing local relationships to developing effective processes for carrying out its activities and is beginning to achieve impact in terms of changes to service delivery.
23. The need for a strong, independent and resourced local HealthWatch for Nottinghamshire will be even more important over the next few years. Services in the NHS and Social Care are under severe pressure from the increasing level of demand and reductions in funding. The watchdog role of the organisation will be of increasing importance as pressure on services continues
24. HWN's role is distinct from other organisations, for example, it has formal representation on the Health and Wellbeing Board and also has a distinctive power to 'enter and view' providers.

RECOMMENDATION/S

1. That the contract with HWN is extended to March 2018 with a reduction in funding of £42,000 for 2016 to 2017 with further discussion with regard to funding for 2017 to 2018.

2. That future efficiencies through alternative models and funding arrangements be explored for HealthWatch Nottinghamshire and any proposals be brought back to a future meeting of Policy Committee for approval with a view to any new arrangement starting in 2018.
3. That a request for funding of £50,000 from contingency for 2016/17 is submitted to Finance and Property Committee.

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For any enquiries about this report please contact

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Constitutional Comments [SLB 17/12/2015]

Policy Committee has authority to consider the matters set out in the report

Financial Comments [NS 22/12/2015]

The financial implications are as stated in the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Divison(s) and Member(s) Affected

All