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Report of: *Laraine Manley, Executive Director of Communities*

Report to: *Cate McDonald Cabinet Member for Health and Social Care*

Date of Decision: **19 Oct 2016**

Subject: **Procurement of Healthwatch Sheffield**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
- Affects 2 or more Wards		<input checked="" type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? <i>Health and Social Care</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Healthier Communities and Adult Social Care; Children and young People and Family Support</i>				

Has an Equality Impact Assessment (EIA) been undertaken?

Yes

No

If YES, what EIA reference number has it been given? **833**

Does the report contain confidential or exempt information?

Yes

No

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is not for publication because it contains exempt information under Paragraph (**insert relevant paragraph number**) of Schedule 12A of the Local Government Act 1972 (as amended)."*

Purpose of Report:

The Health and Social Care Act 2012 made provisions for new commissioning and funding arrangements in the UK including the establishment of local and national Healthwatch.

The Act requires local authorities to establish a local Healthwatch in their area. Although local authorities have a considerable freedom to determine the appropriate approach, the local Healthwatch (Healthwatch Sheffield) has to be an independent body, commissioned by the local authority.

Healthwatch is a consumer champion for health and social care. The local Healthwatch brings views and represents local children, young people and adults to health and social care commissioners and providers.

The report seeks approval for a re-tender for Healthwatch Sheffield. The contract to deliver Healthwatch Sheffield was first let to Voluntary Action Sheffield in 2013. The Contract was for three years with the option to extend for a further one year. Extension clauses were utilised and the contract will now expire on the 31st of March 2017.

The report seeks approval to tender for a provider, who will meet the requirements listed below. The successful provider will be contracted for 5 years with a possible extension for another 2 years.

Delivering the service may also include establishing sub-contracts and partnerships with existing voluntary and community organisations and groups to help Healthwatch Sheffield deliver its functions and services.

Recommendations:

- **That Sheffield City Council (SCC) commissions Healthwatch Sheffield core service via formal commercial tender process in the interests of the citizens of Sheffield and to ensure that SCC statutory duties are fulfilled.**
- **That the service is known as “Healthwatch Sheffield”**
- **That the new contract is let for a period of 5 years with options to extend for up to 2 further years.**
- **That authority to initiate the tender process and award the contract to the most suitable bidder is delegated to the Director of Commissioning in consultation with the Cabinet Member for Health and Social Care.**

Background Papers:

N/A

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Jane Wilby
		Legal: Janusz Siodmiak / Henry Watmough Cownie
		Equalities: <i>Liz Tooke</i>
<p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>		
2	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Cate McDonald</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Joe Fowler</i>	Job Title: <i>Director of Commissioning</i>
	Date: <i>23/09/17</i>	

1. PROPOSAL

- 1.1 The purpose of this report is to describe plans for procuring Healthwatch Sheffield to operate from the 1st of April 2017.
- 1.2 The Health and Social Care Act 2012 made provision for new commissioning and funding arrangements in the UK including the establishment of Healthwatch. Local Authorities have a duty under the 2012 Act to commission local Healthwatch as an independent consumer champion, to give citizens and communities a stronger voice to influence and challenge how health and social care services are provided within their locality – Healthwatch Sheffield.
- 1.3 Healthwatch Sheffield was originally established in April 2013 after a robust tendering process. The contract to deliver Healthwatch Sheffield was let to Voluntary Action Sheffield in 2013. The Contract was for three years with the option to extend for a further one year. Extension clauses were utilised and the contract will now expire on the 31st of March 2017.
- 1.4 Healthwatch is a statutory provision that SCC has to provide through a third party. The legislation requires SCC to enter into a commercial agreement with a body to provide the service.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Whilst the Health and Social Care Act 2012 requires local authorities to have a local Healthwatch, SCC and partners recognises the value and benefits of a strong and credible independent consumer champion to give the people of Sheffield a voice to influence and challenge how health and social care services are provided in Sheffield.
- 2.2 The service requirements for Healthwatch Sheffield are grouped into 5 bespoke themes which pull together 8 statutory functions. The 5 themes are based on Local Healthwatch Quality Statements developed by Leeds Beckett University; adapted and validated in Sheffield by consultation with local citizens.
- 2.3 Themes are set out below, in order reflecting priorities determined by Sheffield citizens during the 2016 consultation exercise.
 - Theme 1: Making a difference to Sheffield health and care services (statutory function 3)
 - Theme 2: Representing Sheffield people with strategic decision-makers, influencing big system changes & bringing the citizen voice (statutory function 4)

- Theme 3: Enabling community voice and influence on health and social care services in Sheffield (statutory function 1 & 2)
- Theme 4: Informing people of health and social care services available in Sheffield (statutory function 5)
- Theme 5: Telling Healthwatch England what's important to influence change nationally (statutory function 6,7 & 8)

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Sheffield City Council together with NHS and Clinical Commissioning Group stakeholders has adopted a co-production approach to the development of the key themes and priorities for Healthwatch Sheffield. This has been done via written consultation exercises, meetings with patient, citizen and service user groups and forums and by focused involvement from key citizen/user representatives as members of the procurement project group.
- 3.2 Views and conclusions expressed have been used to directly influence and produce the vision, service specification and procurement process within legal parameters. Conclusions reached early on have been tested with stakeholders to ensure that plans reflect local views.
- 3.3 The service specification sets out essential elements of the service with clear outcome indicators agreed using the co-production methodology described in 3.1.
- 3.4 In addition to recent collaborative work the vision for Healthwatch Sheffield was determined by early consultation and co-production, prior to Healthwatch Sheffield being first commissioned. The vision which is contained in **Appendix A** continues to be extremely important and relevant. It describes the benefit of having a local Healthwatch and affirms how Sheffield people wish their local Healthwatch to operate.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 An Initial Equalities Impact Assessment (EIA) has been completed, reference 833 (See Appendix B)

4.2 Financial and Commercial Implications

- 4.2.1 The maximum budget available for Healthwatch Sheffield is £239,619 per annum and this report has been signed off by Finance on the assumption that we will retain the same level of grant funding as in 2016-17.

- 4.2.2 The budget is held within Communities Commissioning and will remain in place throughout the life of the contract unless reductions in government grants require otherwise.
- 4.2.3 No other financial or commercial implications have been identified in connection to the procurement of Healthwatch Sheffield.

4.3 Legal Implications

- 4.3.1 The Health and Social Care Act 2012 requires local authorities to establish in their area, a local Healthwatch.
- 4.3.2 The Act provides that the body contracted to be the local Healthwatch must be a 'body corporate' (i.e. a legal entity which is a social enterprise). It is an independent body but still accountable to SCC for any public money input.
- 4.3.3 Council Standing Orders require that any money spent on service with a contract value of over £50K require a tendering process.
- 4.3.4 A change in provider might have an impact on the staff currently delivering the service and TUPE may apply if a new provider is awarded the contract. Bidders will be made aware that they should consider the potential impact of TUPE and the current provider will be required to share information as appropriate in accordance with their existing contract and TUPE regulations.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Healthwatch is a statutory provision that SCC has to provide through a third party. The legislation requires SCC to enter into a commercial agreement with a body to provide the service and therefore 'doing nothing' and allowing the contracts to expire is not an option.
- 5.2 Other Local Authorities have used different mechanisms to commission their local Healthwatch, for example entering into strategic partnerships or grant funding arrangements.
- 5.3 SCC made the decision to commission Healthwatch Sheffield via an open tender process; the service was let under a commercial contract with clear extension options and contract end date.
- 5.4 The current contract for Healthwatch Sheffield will end at the end of March 2017 and arrangements made to procure a provider from April 2017.
- 5.5 Due diligence in identifying our ongoing partner to deliver Healthwatch Sheffield continues to be of primary importance. A full commercial tender, rather than a grant award, is recommended as the best mechanism to

ensure the required level of diligence; compliance with CSO's and avoid challenge.

6. REASONS FOR RECOMMENDATIONS

- 6.1 During February and March 2016 SCC undertook a soft market test to determine if there were sufficient qualified, able and interested organisations to make a full tender process worthwhile. Five detailed responses were received four of which were from existing local Healthwatch organisations. This offers strong evidence of a vibrant provider market and supports the recommendation to go out to the market with a full commercial tender.
- 6.2 Local Authorities must follow a robust selection process to ensure high quality outcomes, accountability and value for money and enter into a commercial agreement with their local Healthwatch.
- 6.3 Local Authorities are bound by domestic and European legislation as well as the Standing Orders of the Council when it comes to entering into commercial relationships.
- 6.4 Due diligence in identifying our ongoing partner to deliver Healthwatch Sheffield is of strategic importance and a full commercial tender continues to be the best mechanism to offer the required level of diligence and compliance with Council Standing Orders.

Sheffield Vision for Healthwatch

- Sheffield Healthwatch will be a **strong local consumer voice** that **makes a difference** to Health and Social Care provision on behalf of the people of Sheffield.
- Sheffield Healthwatch will be a **network of networks** that builds on the work of other groups which have an interest and role in promoting and ensuring high quality health and social care services.
- It will **expand and utilise the existing expertise** of third sector organisations and groups of people in Sheffield.
- It will provide a mechanism for **diverse voices** across Sheffield to be heard and ensure that where there are people who are seldom heard, Healthwatch will **provide innovative ways** to gather and include their views.
- It will be a **respected and credible** organisation that is unafraid to challenge service providers and commissioners.
- It will bring together robust, **evidence based local intelligence** that influences key decision making for Health and social care.
- It will ensure that every individual who approaches Healthwatch for information and advice, receives **timely and good quality information** for Healthwatch or one of its signposting organisations.
- Sheffield Healthwatch will be well known within the city with an **excellent communications strategy**.

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