

MEETING:	CABINET
DATE:	12 JULY 2012
TITLE OF REPORT:	HEALTHWATCH HEREFORDSHIRE
PORTFOLIO AREA:	CORPORATE SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To update Cabinet on the progress made to date regarding Healthwatch Herefordshire and to seek approval for the establishment of the new organisation.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Cabinet:

- (a) notes the content of this paper and the views expressed from consultation so far;**
- (b) agrees the proposals in the paper for the establishment of Healthwatch Herefordshire, including the local vision and that Healthwatch Herefordshire be provided through an arrangement with the local voluntary sector for an initial period of 2 years (option 2); and**
- (c) authorises the Deputy Chief Executive to implement these proposals, including the recruitment of an independent Chair of Healthwatch Herefordshire.**

Key Points Summary

- The Health and Social Care Act 2012 has established Healthwatch, as the

'consumer champion' for NHS, public health and adult social care services. A major role for the new organisation will be to ensure that public, patients, service users and carers can influence planning and delivery of local services.

- The creation of Healthwatch amalgamates the existing statutory roles and responsibilities undertaken by Local Involvement Networks (LINKs), Independent Complaint Advocacy Services (ICAS) as well as incorporating the provision of consumer advice and support for people to make informed health and social care choices.
- A key objective of the local vision is for Healthwatch Herefordshire to operate as part of the wider network of community based organisations that champion the interests of local residents and consumers. This vision has been supported in the consultation undertaken and has informed the recommended option for Healthwatch Herefordshire
- There will be a remuneration structure for key board members of Healthwatch Herefordshire to attract high calibre people, recognise the importance of the new arrangements and drive performance.

Alternative Options

- 1 Healthwatch is a requirement of the 2012 legislation. There is therefore no alternative to the implementation of the service. Different organisational models for Healthwatch Herefordshire are summarised in the paper.

Reasons for Recommendations

- 2 Healthwatch is a requirement of the 2012 Health and Social Care Act and whilst there are a number of different possible models and approaches, as set out in this paper, the recommendation to seek the Healthwatch service from local voluntary sector partners will provide a value for money approach through the utilisation of existing partnership arrangements. This has been broadly supported in the consultation undertaken so far.

Introduction and Background

- 3 The creation of Healthwatch requires some key decisions to be made regarding the implementation and operational arrangements for the new service. As a significant change to the local Health and Wellbeing system, this requires the approval of Cabinet.
- 4 The creation of Healthwatch amalgamates the statutory roles and responsibilities undertaken by Local Involvement Networks (LINKs), Independent Complaint Advocacy Services (ICAS) and also incorporates the provision of consumer advice and support for people to make informed health and social care choices. It is important to note that Healthwatch will be a different organisation, with a wider remit, but we will seek to build on the strong foundation laid by Herefordshire LINK.

- 5 The vision for Healthwatch set out in the transition plan published on March 29th 2011 by the Department of Health was that:

'Healthwatch will be the independent consumer champion for the public - locally and nationally – to promote better outcomes in health for all and in social care for adults.

Healthwatch will be representative of diverse communities. It will provide intelligence – including evidence from people's views and experiences - to influence the policy, planning, commissioning and delivery of health and social care. Locally, it will also provide information and advice to help people access and make choices about services as well as access independent complaints advocacy to support people if they need help to complain about NHS services.

Healthwatch will have credibility and public trust through being responsive and acting on concerns when things go wrong and operating effectively and efficiently.'

Local Healthwatch services will be a way for local people to get information and advice about local healthcare services and will also give them the opportunity to comment on and get involved in the development and planning of healthcare services.

- 6 The functions of local Healthwatch services extend beyond those currently required of LINKs and can be summarised as:

- a) *Gathering views and understanding the experiences of patients and the public.*
- b) *Making people's views known to commissioners and service providers.*
- c) *Promoting and supporting the involvement of people in the commissioning and provision of local care services and how they are scrutinised.*
- d) *Recommending investigation or special review of services via Healthwatch England or directly to the Care Quality Commission (CQC).*
- e) *Providing advice and information (signposting) about access to services and support to members of the public to make informed choices about healthcare services.*
- f) *Making the views and experiences of people known to Healthwatch England (and to other local*

Healthwatch organisations) and providing a steer to help it carry out its role as national champion.

- 7 In 2011, Herefordshire Council, NHS Herefordshire and Herefordshire LINK submitted a bid for Healthwatch pathfinder status. The bid set out the proposed functional relationships between Healthwatch Herefordshire and the other health and social care governance structures within the county. It also set out how Healthwatch Herefordshire could work through existing services to provide a single point contact for local people wanting to access support and advice, or to comment on local health and social care services.
- 8 The Healthwatch Herefordshire pathfinder application clearly laid down the proposed model of working for the local service. It identified some of the challenges faced in Herefordshire as a result of having a small rurally dispersed population and some of the significant developments that have been led by Herefordshire Council to mitigate against those challenges.
- 9 The proposal was that Healthwatch should provide its key functions through the Council's existing telephone contact centre and 'One Stop' shops, which would enable the most cost-effective, far reaching coverage of the county for the new service.
- 10 The vision set out in the proposal for Healthwatch Herefordshire was that:
 - a) *Healthwatch Herefordshire will empower the public to make choices and shape health and adult social care services to local needs and improve customer experience.*
 - b) *Using the 9 localities identified within the county already as a framework for engagement and intelligence gathering, Healthwatch Herefordshire will be integral to the developing locality service arrangements, working alongside other public services, and close to local communities.*
 - c) *Healthwatch Herefordshire will have an important role supporting everyone in the community, but particularly those who are vulnerable or often unheard.*

Key Considerations

- 11 As the local Health and wellbeing economy is relatively small this will require a creative response to the legislative requirements for Healthwatch if a sustainable service which provides value for money is to be delivered.

- 12 This issue was fundamental in informing the successful Healthwatch pathfinder bid which was submitted in 2011. The bid outlines how Healthwatch Herefordshire would work using existing infrastructure to keep running costs to a minimum thereby enabling more of the available cash to be used to support local people. Another key expectation set out in the bid was that the Healthwatch service would reflect the locality arrangements which have already been established in the county.
- 13 The Local Improvement Network (LINK) service has at times struggled to fulfil the remit which the previous legislative framework set out. This is a very common experience in other local authority areas. Even so, as Healthwatch replaces the LINK, it will be important to retain those elements of the service that have worked so that there is a smooth and effective transition.
- 14 Local authorities are required by the legislation to commission the Healthwatch service. There is a requirement that the commissioned organisation is 'body corporate' – this therefore means that there is a range of opportunities and options regarding the potential commissioning arrangement. The Corporate Services Directorate will be commissioning Healthwatch as this provides more potential for corporate oversight.
- 15 The development of the options considered in this paper have been supported by Paul Deneen and Diane Jones who are locality non-executive directors for NHS Herefordshire. This support has resulted in a wide-ranging dialogue with a number of key stakeholders and organisations, which is indicated in the recommendations to cabinet.
- 16 Herefordshire Public Services Leadership Team and the Health and Wellbeing Board have already been invited to comment on the proposals presented in the attached paper. Each has endorsed the preferred option which is set out above.

17 **Options for the new organisation**

- 18 With the 'body corporate' requirement of the Act, the new service is able to employ staff in addition to involving volunteers in their work. They will be able to contract out functions while remaining accountable for the public funding they receive. There are a number of options regarding how this corporate structure can be created upon which views are sought.

19 **Option 1 – New Independent Organisation**

- 20 Set up a new independent organisation with the sole remit of providing the employment and governance arrangements for Healthwatch Herefordshire.
- 21 This option could give a great deal of independence to Healthwatch, but would involve the additional expense of setting up a new organisation. However, it would provide clear accountability and performance management arrangements if the local authority retained the rights to remove the senior management and/or chairman if the organisation did not meet the required performance targets.

- 22 As a very small organisation it could struggle to provide cost effective and robust human resource, financial and IT systems.
- 23 Healthwatch Herefordshire is expected to be in place in shadow form in October 2012, to allow for the Chairman and staff to undertake the member recruitments and other activity required to have a fully operational Healthwatch in April 2013. Setting up a new organisation would take more time than the other options and would be very challenging within the time available.

Pros	Cons
Independence	Cost
Accountability	Potential duplication of functions
Meets legislative requirements	Not in line with strategic direction of HPS
A clear demarcation between the old system and the new	Timescale would be very difficult to achieve
	Requires new networks to be created

24 **Option 2 - Part of an existing not for profit organisation**

- 25 Contract with an existing organisation to set up Healthwatch Herefordshire function and employ staff as an independent arm of their existing structure.
- 26 The local authority could work with independent not for profit organisations, social enterprises or charities to provide Healthwatch Herefordshire organisational support, through grant in aid funding.
- 27 This could be with any suitable local organisation as the legislation allows for the local authority to fund the local Healthwatch organisation through grant and aid which means there would no requirement to go out to formal tender. This would reduce the cost and time involved with making the appropriate contractual arrangements.
- 28 Along with the public sector, the third sector is undergoing substantial changes and restructure in Herefordshire. Therefore taking on the role of Healthwatch may not be seen as a significant priority for some organisations and this would need to be identified prior to undertaking any work with an interested party.

Pros	Cons
Independence ie: rooted in the not for profit sector	Perceived lack of Independence (if local organisation involved in Compact or commissioning)
Accountability	May not be organisational priority
Shared overheads	Current changes within not for profit sector within Herefordshire may impact upon resource availability or

	organisational capacity
In line with strategic direction of local partnership working	
Meets legislative requirements	
Could be developed within timescale	
A clear demarcation between the old system and the new	
Existing networks are retained	

29 **Option 3 – Rebrand LINK as Healthwatch**

- 30 Rebrand the existing LINK arrangements as Healthwatch Herefordshire and extend the current brief to include the additional functions that Healthwatch are required to provide.
- 31 The current arrangements for the LINK in Herefordshire would not meet the legislative requirements for Healthwatch Herefordshire without significant change. There may also be a perceived lack of independence as the staff are currently employed directly by the local authority.
- 32 A local concordat has been developed to clarify roles and responsibilities; however public accountability remains unclear in the current structure.
- 33 The Department of Health has confirmed that it will not produce specific guidance documents concerning local Healthwatch procurement. However, the Healthwatch advisory group has clarified that the grant in aid option or a single tender option is potentially available to a high performing LINK which is distinguished as having a 'unique capacity' to do the job of being a local HealthWatch organisation.
- 34 This option would require the local LINK membership to establish a 'body-corporate'.
- 35 This is probably not a viable option in Herefordshire, as the current LINK and is almost certainly not high-performing enough and does not provide the unique capacity required to fulfil Healthwatch functions.

Pros	Cons
Cost efficient	Does not meet legislative requirements in current form
Control of priority given to development	Lack of accountability in current structures
Existing membership	Lack of Independence
	Would need to become separate independent organisation in its own right

	Is not a clear demarcation between the old system and the new ie: does not meet the local vision for Healthwatch
Existing networks are retained	

36 **Option 4 – Procure Healthwatch by open tender**

37 Run an open tender exercise to identify and procure a not for profit organisation, social enterprise or charity to set up and run Healthwatch Herefordshire

38 This would involve running a procurement exercise in line with European Guidance.

39 A full procurement exercise would realistically take a minimum of four months and although we could stipulate the need for local knowledge and partnership working, there would be no guarantee that a local organisation would be successful.

40 A procurement exercise would enable organisations from across the country (and potentially Europe) to bid to provide the service, this would mean that the potential for recruiting an organisation with experience in either providing host arrangements for LINKs, or having set up other Local Healthwatch pathfinders is greatly increased.

41 We would not be able to complete a full tender exercise in time for the Healthwatch Herefordshire to take on shadow form in October; however we could potentially still recruit an independent chair and executive board in advance of the procurement exercise being completed.

Pros	Cons
Ability to identify organisations with previous experience	Long time scale required
Meets legislative requirements	Expense involved with procurement
Independence	Not ensured of local solution
	May have provider with a number of other Healthwatch developments and resources shared across areas
A clear demarcation between the old and the new	Risk of new organisation/ individuals
	Requires new networks to be created.

42 **Option 5 – Commission Healthwatch in conjunction with another**

local authority

- 43 Explore what opportunities may exist to joint in a partnership arrangement with another (neighbouring) local authority regarding the procurement of the Healthwatch service across a wider geographical footprint.
- 44 This approach would need to ensure that Herefordshire's needs were safeguarded and that the potential for vicarious risks is acknowledged within any potential agreement.

Pros	Cons
Larger economy of scale	3-way agreement/ contract
Meets legislative requirements	Expense involved with procurement
Independence	Not ensured of locally-specific solution
Mitigates cost of procurement	May have provider with a number of other Healthwatch developments and resources shared across areas
A clear demarcation between the old and the new	Risk of new organisation/ individuals
	Requires new networks to be created.

Preferred option:

- 45 The initial assessment is that Option 2 is likely to provide the best opportunity for a high quality and cost effective local Healthwatch service, by enabling the provision of Healthwatch functions through existing services and networks, as well as ensuring members and staff have the independence they require to scrutinise those functions, along with the commissioning and provision of local healthcare services.

Community Impact

- 46 The changes that the new system will bring are intended to provide a strengthened and more visible 'consumer champion' for Health and Wellbeing services within Herefordshire. This will therefore have an impact on all communities and locality areas across the county.

Equality and Human Rights

- 47 The implementation of Healthwatch Herefordshire will have due regard to equality and human rights legislation. The new organisation will be a consumer champion for health and social care services and is therefore expected to deal with such matters in response to issues raised by the public

Financial Implications

- 48 The current budget for LINK is £95,000 this will form the basis of the funding for the new organisation
- 49 An additional £50,000 minimum is expected to be provided by the Department for Health/ Department for Communities and Local Government to support the additional role requirements for the new organisation.
- 50 Any further funding gap identified through the procurement process is currently expected to be met from within existing Directorate funds.

Legal Implications

- 51 The local Healthwatch service must be in place by April 2013
- 52 Any further legal issues will be determined through the procurement process

Risk Management

- 53 Any delays to the implementation of the local Healthwatch service will be contrary to legislative requirements and will delay the procurement process.
- 54 There is a risk that local voluntary organisations are not willing or capable of taking on the Healthwatch service. If this is the case, then the alternative options outlined in the paper will need to be considered.
- 55 There is also a risk that the potential funding gap will be too large to be met by directorate funds. If this is the case, further consideration of this issue will be needed.

Consultees

- 56 The consultation process is not yet completed and there will be a further period of engagement on the aims and operation of HealthWatch to inform the detailed arrangements. Some key stakeholders who have already been consulted are:
- Chair of the Health and Wellbeing Board
 - Health and Wellbeing Board
 - Herefordshire Public Services Leadership Team
 - Cabinet Member for corporate services
 - Equality and diversity team
 - Chair of Herefordshire Clinical Commissioning Group
 - Clinical Commissioning Group Board
 - PCT locality Non Executive Directors

- LINK Herefordshire management board
- Chief Operating Officer of HVOS
- Senior Managers Team
- Legal Services

Appendices

13.0 None

Background Papers

14.0 Healthwatch Herefordshire discussion paper