

## SBAR

### HEARING AND SIGHT CARE

<b>To seek approval from the Third Sector Project Board to award an uplift in funding to Hearing and Sight Care for the interim period 1 April 2022 to 30 September 2023, whilst the Health Board undertakes a tender exercise for adult sensory services beyond September 2023.</b>	
Situation	<p>Hearing and Sight Care (HSC) wrote as part of a collective with 2 other sensory providers to the Health Board on 18 January 2022 asking the Health Board to undertake a tender exercise for adult sensory services, after having exhausted negotiations.</p> <p>On 1 March 2022 the collective wrote to the Health Board advising that any further offer of a contract extension would require further discussion/negotiations.</p> <p>The Health Board wrote to each individual provider including HSC on 9 March 2022 offering to extend the provider's current contract by 18 months from 1 April 2022 to 30 September 2023, to allow the tender process to be undertaken.</p> <p>The Health Board further noted the provider's financial concerns during the interim period and agreed to meet with the provider to discuss any possible uplift to their existing arrangement.</p> <p>Following several recent meetings with the provider the Health Board is seeking agreement in principle from the Third Sector Project Board to uplift the provider's funding from £15,184.85 to £50,000.00pa (pro-rata'd for the half year) for the period 01/04/22 – 30/09/23 to allow the tender to be undertaken and ensure service continuity meantime.</p>
Background	<p>NHSH currently commissions sensory services under contract from the following 3 providers: Sight Action, Hearing and Sight Care and Lochaber Sensory Care.</p> <p>During 2019, NHSH worked in partnership with the 3 providers, along with other key partners to develop the Highland SEE HEAR Strategy, in line with the National SEE HEAR Strategy.</p> <p>The Scottish Government confirmed that the strategy is to be used as guidance; and that there is no specific delivery model, recognising that local partnerships will adopt different approaches and the level of pace and progress will accord with local priorities.</p> <p>The providers were advised at the time that the Highland Strategy would underpin/inform future commissioning and procurement of community based sensory services in Highland.</p> <p>During 2019 NHSH notified the providers of its intention to undertake a procurement exercise for services beyond June 2020. At that time Sight Action served notice on NHSH, and proceeded to commence a pro-active media/MSP campaign.</p> <p>During 2020 NHSH Senior Management met with representatives of Sight Action and proposed by way of compromise that the provider draft/submit a proposal with costings for delivery of future services, for consideration. In light of this, Sight Action rescinded their notice on NHSH and a "collective" proposal from all 3 providers was received by</p>

NHSH. The providers' proposal further included estimated budgets for the next few years, which are significantly greater than current funding levels.

All parties met during late 2020 to discuss the proposal, at which point the collective asked for more clarity on NHSH's requirements, to enable them to refine their proposal and costings.

During early 2021 NHSH provided the collective with its service delivery requirements, with the further intention of discussing them in more detail at a meeting with the collective, planned for mid 2021.

The meeting was cancelled by the collective and since then NHSH's operational staff have on a number of occasions sought to hold meetings with the collective to progress matters. The collective have on each occasion opted instead to write to/meet with NHSH's Chief Officer (HHSCP)/Deputy Chief Executive, where more recently they stated they are unable to work with the Operational Team members progressing matters.

In an attempt to move matters forward constructively, all parties agreed to attend a workshop during December 2021, facilitated by NHSH's Head of Strategy and Transformation (HHSCP). The workshop provided the opportunity for all parties to openly discuss working in collaboration; NHSH's future service delivery requirements, including areas in/out of scope and to hear the reasons for this; and provide clarity, where required. It was hoped that this clarity would then allow the 3 collective providers to refine their collective proposal and associated costings accordingly and continue with negotiations.

Unfortunately, following the workshop and the provision of further information requested during the workshop regarding integrated locality teams and confirmation of flexible service delivery models for sensory services from Scottish Government the 3 providers (as a collective) wrote to NHSH on 18 January 2022 stating that they had exhausted the negotiating process and collectively feel that there is no merit to further debate; and as a collective requested that NHSH create a tender document on which they can tender and price.

NHSH wrote to the providers individually (due to current contractual arrangements) on 9 March 2022 offering to extend the provider's current contract by 18 months from 1 April 2022 to 30 September 2023, at current funding levels to allow the tender process to be undertaken.

The Health Board further noted the provider's financial concerns during the interim period and agreed to meet with the provider to discuss any possible uplift to their existing arrangement.

The Health Board's Chief Officer along with Operational and Contract Team staff met with the provider on 31 March 2022 to clarify that the Health Board's expectation was for current service continuity to be maintained meantime i.e. not an expansion of service; and any request for an uplift should be based on current contractual requirements. The Health Board sought clarification of the provider's financial position; requested information (financial and service delivery) from the provider around the level of uplift funding sought, with evidence of need.

	<p>Further follow-up meetings were held on 13<sup>th</sup> April and 3<sup>rd</sup> May 2022 to discuss the position/information received.</p> <p>It is further highlighted that a similar meeting is due to be held with the remaining sensory provider Sight Action. It is likely that a similar request for a short term uplift may be presented for approval in the near future.</p>
Assessment	<p>Over the years, and other than a reduction in funding of 5% over 18 months during 2011-2013, the provider has continually received annual standstill funding; whilst their service delivery costs have continued to rise.</p> <p>It is also worth noting that the provider is a non-registered service and as such does not currently qualify for any of the Scottish Government uplifts awarded to registered services.</p> <p>The Provider is contracted to deliver a drop in service with outreach providing sensory information, advice and sensory aid maintenance and repair, including providing batteries for hearing aids supplied by the Health Board. The provider is also required to undertake hearing assessments. Service delivery area is Caithness.</p> <p>The Provider further receives a small amount of funding (less than £5kpa) from Sight Action towards rent and a member of staff for delivery of sight services on behalf of Sight Action. The member of staff is currently funded by funding from The Robertson Trust (due to end August 2022) topped up by the monies from Sight Action.</p> <p>As well as the NESH contracted service, the Provider also delivers charitable services e.g. Lip Reading funded from other sources and which account for approximately 15% of services delivered.</p> <p>The provider has estimated expenditure of approximately £78k for the period 1 April 2022 – 31 March 2023.</p> <p>The provider's costings include significant increased salary costs (by approximately 7%) to align with COSLA salary scale, plus a 6.2% inflationary uplift across all other areas of their costs.</p> <p>In line with the Procurement legislation and the Health Board's Standing Financial Instructions, funding of this level would require the Health Board to give further consideration to undertaking a procurement exercise due to the value being over the £50kpa threshold.</p> <p>Financial submissions by the provider to OSCR/Companies House over the last few years shows an average expenditure for their whole service of approximately £60kpa.</p> <p>To maintain current service continuity whilst the tender process is undertaken the Health Board has offered to uplift the providers funding from £15,184.85 to £50,000.00 (pro-rata'd for the half year) for the period 1 April 2022 to 30 September 2023. This provides funding for salaries, travel and overheads. The Health Board has further advised the provider that it intends to resume quarterly monitoring of the contract during the interim period, to provide reassurance in light of the significant uplift being offered.</p>

	The provider confirmed acceptance of the offer on 10 May 2022, subject to support from the Third Sector Project Board and approval by the Health and Social Care Committee.
Recommendation	<p>It is recommended that:</p> <p>a) Support is given for an interim uplift in funding from £15,184.85 to £50,000.00pa (pro-rata'd for the half year) for the period 1 April 2022 to 30 September 2023, to allow the tender to take place; and</p> <p>b) Support is given to seek agreement from the Health and Social Care Committee for the uplift stated in a).</p>
<b>Author</b>	Jacqueline Paterson
<b>Designation</b>	Senior Contracts Officer
<b>Date</b>	19 May 2022