



Report for:	Cabinet – 15 October 2013	Item number	
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Title:	Active for Life physical activity referral scheme
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Report authorised by :	Dr Jeanelle De Gruchy (Director of Public Health)
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Lead Officer:	Dr Fiona Wright (Assistant Director of Public Health)
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Ward(s) affected: Wards of east Haringey plus Hornsey and Stroud Green wards	Report for Key Decision
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1. Describe the issue under consideration

- 1.1 This report seeks Cabinet approval to award a 5 year contract (with an optional one year extension) for delivery of the Active for Life (AFL) physical activity referral scheme.
- 1.2 This report seeks Cabinet approval for a waiver of Contract Standing Orders in respect of tendering.

2. Cabinet Member Introduction

- 2.1 This programme supports the priority in the Corporate Plan and Outcome 2 of the Health and Wellbeing Strategy to reduce the life expectancy gap between east and west Haringey.
- 2.2 I am delighted that with the public health grant and additional external funds we now have the opportunity to expand this programme, to increase its impact and to develop new services for people with strokes



and cancer. I therefore recommend to my Cabinet colleagues that this report is approved.

3. Recommendations

- 3.1 A waiver of tender requirements (CSO 10.01) is recommended as allowed under CSO 10.01.1 (a) (contract value of more than £100,000).
- 3.2 To award the contract to Fusion Lifestyle for delivery of the Active for Life (AFL) physical activity scheme in accordance with CSO 9.07.1 (d) (contract valued at more than £250,000).

4. Other options considered

- 4.1 The option of undertaking a full tender process was considered. However a waiver of Contract Standing Orders in respect of tendering is recommended on the grounds that it is in the Council's overall interest as allowed under CSO 10.01.2 d as described in the section below.

5. Background Information

5.1 Introduction:

- 5.1.1 Reducing the life expectancy gap between east and west Haringey is a priority within the corporate plan and is Outcome 2 of the Health and Wellbeing Strategy. Cardiovascular disease and cancers are the biggest contributors to the life expectancy gap. Increasing physical activity, particularly among the inactive, helps to prevent cardiovascular disease and cancer and ensure that those already with these diseases have better outcomes. It also has positive impacts on other long term conditions and on mental health and self esteem. Developing physical activity programmes was therefore agreed as an area for expenditure of the public health budget in the paper to Cabinet on April 16th 2013.

5.2 Overview of the current Active for Life (AFL) programme:

- 5.2.1 The current "in house" service run by specially trained staff within the Public Health Directorate offers one to one support to individuals over 12 weeks to support, encourage and set goals to increase their physical activity levels. Active for Life runs mainly on the east of the borough. The target group for the scheme is those who are currently inactive and at high risk of developing a long term condition or with existing conditions such as heart disease, mental health problems, stroke and diabetes. Physical inactivity is more prevalent in lower socio-economic groups, BME groups and on the east of the borough. The scheme therefore aims to reach these client groups. Active for Life is based upon best practice in NICE guidance (2006). Referrals into the scheme are from general



practitioners. Trained staff use brief intervention methods that are known to be cost-effective in increasing physical activity levels in the short, medium and long term. Clients are offered a range of physical activity options within the borough for free whilst on the programme. There is also a specialist programme of phase IV cardiac rehabilitation for people who have had a recent heart attack.

5.2.2 Active for Life is monitored by Key Performance Indicators. Key outcomes achieved are:

- 780 GP referrals per annum to the programme
- 95% of service users live in deprived areas of the borough
- 87% of service users are from black and minority ethnic groups
- 34% fully complete the programme
- 54% of those completing the programme remain active at 6 months
- 14 weekly walks per month
- over 280 participants on walks per month

5.3 *The new service model*

5.3.1 The main Active for Life scheme in the new contract will operate in a similar model in line with best practice, through GP referral for the same target groups in the east of the borough plus Stroud Green and Hornsey wards. Key elements of the new service will be:

- increased capacity and expansion of the main programme
- two specialist rehabilitation programmes for people who have experienced a stroke and cancer
- a programme that enables clients who have completed AFL to transition into taking up mainstream activity
- the addition of cycling within the menu of physical activity options

The service will be monitored by Key Performance Indicators (KPIs).

5.3.2 The initial KPIs are based upon the activity of the current service. As an “in house” service we have information on throughput and historic costs of the service. KPI thresholds will increase incrementally during the contract to ensure continuous improvement and value for money. Performance monitoring of the contract will take place with the main Fusion Lifestyle contract. The first two years is at enhanced funding and includes specialist services for clients with strokes or cancer.

5.4 *Contractual issues*

5.4.1 *Background:* Since its initiation in 2007 the programme has been delivered “in house” by two trained staff in the Public Health Directorate (formerly NHS staff) in partnership with Haringey Council leisure (now Fusion Lifestyle) staff. On 1st April 2013 the two members of staff



employed to deliver the Active for Life were transferred to the council along with other staff in the Public Health Directorate.

- 5.4.2 However the council now seeks to commission the scheme. Under the new contract one staff member would TUPE from the Council to the new provider of the service, the other has elected not to transfer. Fusion Lifestyle is applying for Admitted Body Status to the NHS Pension scheme so that the staff member can retain their NHS Pension.
- 5.4.3 Fusion Lifestyle commenced a twenty year contract with Haringey Council to manage the Haringey leisure centres on 1st December 2012.
- 5.4.4 Fusion manage physical activity referral schemes across a number of Councils including; Lewisham, Southwark, Croydon, City of London, Hounslow and Charnwood BC. In each of these contracts they also manage the Council's Leisure Centres. Fusion's team report the outputs of the schemes on a shared portal which encourages sharing best practice.
- 5.4.5 *Advantages of Fusion Lifestyle as future provider of Active for Life:*
The added value to the council of Fusion Lifestyle, the same provider as that which also manages the leisure centres is summarised below:
- Existing office space for the staff is provided in Tottenham Green Leisure Centre. This allows for close working between the Active for Life staff and other fitness instructors etc.
 - Lower overhead costs. Fusion has included a relatively low allocation for central costs / management fee totalling £27k in the first 2 years and £8k in the last 3 years in which the allocated funding reduces. The management fee is only 4% of total income. This is due to the programme being seen as an addition to the main contract as opposed to a standalone contract.
 - As part of this Haringey will benefit from advice and best practice from Fusion's central team that includes a Head of Community Development who oversees all the schemes the company manages across the different boroughs.
 - As Fusion Lifestyle is managing the main leisure centre contract they are offering "in-kind" benefits to the scheme including free fitness suite inductions and discounted membership scheme prices to those that complete the course. This "in-kind" support is valued at £35,530k per annum.
 - A flexible approach to programming and use of the three centres' fitness suites and group exercise classes in order to meet attendees' requirements. This is likely to increase attendance and completion rates.
 - Completers will still have access to the exercise on referral led gym sessions once they have completed the course.



- They are in the best place to sign post completers to on-going activities within the centres, which is a key outcome of the programme. Not only do they provide general sports and leisure facilities they provide the following healthy living programmes
 - weight management;
 - healthy eating;
 - back care courses;
 - nutrition courses;
 - parent and child activity;
 - dance (salsa, street, line dancing);
 - mind and body (beginners to advanced yoga/Pilates etc).

These benefits increase the quality of scheme offered to residents and are likely to increase completion rates and thus value for money. In addition, disaggregating Fusion Lifestyle from Active for Life and associated programmes would be complex and may lead to fragmentation of the service. Fusion Lifestyle, through the management of the Haringey leisure facilities are uniquely placed to assist in developing this service

5.4.6 Contract value: Set out below is the funding identified for the scheme. The contract value is outlined in the table below. Public health funding is committed for 2 years (2013-2015) at £217K per annum and at £77K (historic funding level) for 3 years (2015-2018). It is anticipated that funding for 2015-8 would be available at a higher funding level, subject to continued evidence for the need for and outcome from the scheme and agreed priorities. The public health budget priorities, including investment, were agreed by Cabinet on the 16th April 2013. Additional external funds have been obtained from the Haringey Clinical Commissioning Group (CCG) and Biking Borough Fund, with the objective of improving the quality of primary care.

Service (funding source)	2013/14	2014/15	2015/16	2016/17	2017/18
Main AFL (public health funding)	217,000	217,000	77,000	77,000	77,000
AFL - Cancer and Stroke (CCG)	42,500	42,500	-	-	-
AFL - Cycling on prescription (Biking Borough Fund)	6,000	6,000			
	265,500	265,500	77,000	77,000	77,000
					762,000

The total contract value is therefore: £762,000 for the five year contract

5.4.7 Fusion Lifestyle has provided a budget of costs to deliver the services for each year of the Contract. This will form a schedule to the Contract.



- 5.4.8 Budgets for the Haringey physical activity on referral programme have been benchmarked with other London programmes. The details of this are provided in Appendix 1. Whilst all programmes are different, it can be seen that Fusion Lifestyle's costs are within the benchmarked parameters.

6. Staff Consultation

- 6.1 Informal meetings have been held to advise the staff and the trade union representatives of the proposed transfer and arrangements. As part of the formal consultation staff will be given the opportunity to comment on the proposal, access information and will be provided with updates on the transfer going forward.

7. Comments of the Chief Financial Officer and financial Implications

- 7.1 Public Health Grant Funding levels have been confirmed for 2013-14 and 14-15 and £217k budgetary provision has been made for this contract in each year. The remaining funding comes from the local health service budget and Biking Borough Fund.
- 7.2 Although Fusion were awarded the main Leisure centre contract following a full procurement process there has been no tender process or other forms of market testing for the Active for Life contract specifically. However the contract negotiation process has identified sources of additional value and effectiveness such as integration with the wider leisure centre contracts. The benchmarking carried out also indicates that this contract is in the lower half of costs of similar services among the group of London boroughs sample.
- 7.3 The contract has been structured so that Fusion make higher levels of surplus in the first two years when there is guaranteed funding and have agreed to use these surpluses to offset the reduction in the contract in the subsequent years. It is important that this understanding of funding profile is fully agreed and recorded to avoid future disputes and so this has been included as a schedule to the contract. There will remain a small risk that the contract could be terminated early (during the more favourable funding period) but this is something over which the Council has control.
- 7.4 The recommendation of this report to integrate this service into the Fusion contract will involve the transfer of one officer. At the point of transfer they will have full TUPE protection and the costs of this have been factored into the contract price.
- 7.5 The officer is currently a member of the NHS Pension scheme and it is proposed that they should continue to be so. Fusion is seeking



admission to this Pension scheme but the full terms and conditions of admission have not yet been finalised. The current Fusion contract includes a “cap and collar” risk sharing agreement which means that if the pension costs for the employer rise or fall by more than three percent then this will result in a change to the cost of the service. This could result in a need to find additional funding in future years. However it should be noted that this risk is similar to the risk the Council would face if it continued to employ this officer directly.

8. Head of Legal Services and Legal Implications

- 8.1 The Active for Life services are not priority services under the Public Contracts Regulations 2006 so there is no requirement to carry out a European tender exercise.
- 8.2 A waiver of Contract Standing Order 9.01 (requirement to tender) is sought on the basis that it is in the Council’s overall interest as allowed under CSO 10.01.2 (d). Because of the value of the contract, approval for the waiver needs to be agreed by Cabinet (CSO 10.01.1 (a) (waiver for contracts valued over £100,000).
- 8.3 Should Cabinet see fit to approve a waiver, the Public Health Directorate seeks an award of contract under CSO 9.07.1 (d) (contract awards valued over £250,000)
- 8.4 As the award of this contract is a Key Decision there is a requirement that it is included in the Forward Plan in accordance with CSO 3.01 (d) and the Public Health Directorate has confirmed that this has taken place.
- 8.5 The Head of Legal Services confirms that there are no reasons preventing Members from approving the recommendations in this report.

9 Equalities and Community Cohesion Comments

- 9.1 The Council has a public sector equality duty among other things, to have due regard to the need to promote equality of opportunity, in this case, in respect of its public health function and to work to narrow existing health inequalities between groups in the borough, in particular between groups who possess any of the characteristics (e.g. age, disability, race, sex etc), identified in section 4 of the Equality Act 2010 and those who do not possess those characteristics.
- 9.2 The target groups identified in this report possess one or more of those protected characteristics and by aiming at these groups, the programme will support performance on the Council’s public sector equality duty. It will also help deliver the Priority 6 of the Council’s Corporate Plan, to reduce health inequalities and improve wellbeing for all, which in turn



links to the Corporate Equality Objective to reduce male life expectancy between the east and the west of the borough.

- 9.3 The existing Leisure Management contract was awarded to Fusion in December 2012 following a full tender process and in accordance with the Council guidelines on procurement. This included equalities considerations at key stages of the process. Access to services will continue to be guaranteed by a requirement on Fusion to provide certain services, for example concessionary access to Active for Life users to ensure affordability for those users who may otherwise be deterred by price.

10. Head of Procurement Comments

- 10.1 The contract will be monitored as part of the larger Fusion contract and has performance KPIs included.
- 10.2 The service is already embedded in the Haringey Leisure centres run by Fusion.
- 10.3 The total cost of this service over the 5 years is £762k, this averages at £154,200 per annum. This includes the cost of TUPE.
- 10.4 The method of service delivery has been proven to deliver cost effective outcomes for patients as evidenced in Local Exercise Action Pilots funded by the Department of Health.
- 10.5 The service has been benchmarked against services provided by other London boroughs. This has demonstrated that Haringey are achieving a lower than average cost for the delivery of this service.

11. Policy Implications

- 11.1 Haringey Council is committed to tackling health inequalities and in helping residents to live healthier lives. As above this scheme will contribute significantly to increasing physical activity in target groups on the east of the borough to help reduce the life expectancy gap as outlined in the Health and Wellbeing Strategy and Corporate Plan. Active for Life also directly supports the delivery of the NHS Health Check programme which is a mandatory public health programme for local authorities.



**Appendix 1 –Exercise on Referral Schemes in London – Benchmarking
March 2013**

This table outlines benchmarking of cost per starter and cost per completer for a number of exercise referral schemes in London. It should be noted that the schemes may vary in model of delivery. The detail of delivery has not been investigated for this exercise. However it provides some guide of the range of costs per activity and how Haringey AFL, which follows best practice guidance, compares with others.

Cost in 2012-13	Outputs in KPIs (performance could be less or more)	Cost per Starter / Completer
£224, 000 (free for 12 weeks)	800 referrals 500 starters 250 completers	£448 / £896
£274,000 (free for 12 weeks)	800 referrals 500 starters	£342.5 / £548
£68,000 (free for 12 weeks)	Starters – 260-270 Completers 57%	£251 / £441
£38,000 (£1/ £2 cost per session to patient) Assumed total service cost £40496	312 referrals 260 starters 60% completers	£156 / £259
Haringey AFL (free for 12 weeks) average programme cost £152,400	1115 referrals 90% starters (1003.5) 50% completers (557.5)	£152 / £273
£80,000 (£1.60 per session cost to patient) Assumed total service cost £99,200	Starters - 1,000	£99
£58, 000 (free for 12 weeks)	700 starters 300 completers	£83 / £193