

North East Derbyshire District Council

Cabinet

19 November 2014

**Derbyshire Integrated Approach to Health and Wellbeing – Local Authority
Contracts**

**Report No GBXR/25/14/LH of Councillor G Baxter MBE, Portfolio Holder with
Responsibility for Building a Better Council**

This report is public

Purpose of the Report

- To provide elected members with the necessary information to decide whether or not to accept NEDDC Leisure Services re-commissioning by DCC Public Health to deliver the new Health and Wellbeing contracts which include the Exercise Referral and Walking for Health programmes that we currently operate on the County's behalf.

1 Report Details - Background

- 1.1 NEDDC currently delivers a Health Referral and Walking For Health Programme as part of the existing 'HUB' contract with DCC. The NEDDC programme is one of the best in the County with results that are second to none in terms of throughput and attendance on the programme and retention levels of customers following completion of the programme. The current contract to deliver this programme has been extended several times over the last 18 months largely to accommodate the transfer and reorganisation of the Primary Care Trusts and Public Health teams into the Derbyshire County Council structure. This latest extension expires at the end of November 2104 following which the District Council have an opportunity to sign up to a new contract built upon a new approach.
- 1.2 Following review and evaluation, the DCC Public Health Team have re-engineered three existing services into a new wellbeing approach that aims to be affordable, accessible and effective in supporting health and wellbeing improvement and addressing health inequalities. One of these services is Weight Management including Physical Activity and Nutrition – currently the service that Local Authorities and others are commissioned via to deliver Health Referral and Walking for Health programmes amongst others. The proposed overall budget for this new 'integrated' approach is £4.1m – a saving of approximately £700,000 p.a. as part of DCC efficiencies and savings drive.

1.3 The current level of funding that NEDDC receives to deliver the DCC health related programmes are as follows;

1. Health Referral - £78,000p.a.
2. Walking for Health - £6,500p.a.
3. Total - **£84,500p.a.**

1.4 Although the above details the direct funding related to the Health Referral programme here at NEDDC, this represents only part of the overall income associated with the programme. The table below illustrates the income associated with those who having been referred via the health referral route, go on to become paying members of our facilities.

Health Referral Related Existing Income to NEDDC Leisure Centres	
Income from first 12 weeks	£35,908.00
(number of 12wk completers)	498
Concessionary/Leisure Pass payment	£4.00
Income from Concessionary/Leisure Pass payment	£1,992
Number of 52wk completers 30%	150
If each of 498 12wk completers attends on average 2 x pw @ £2.50 per session ending with 150 completers at 52wk	£64,800
Projected Leisure Centre total income from wk 12 - wk 52	£102,700
Previously guaranteed income from NHS for Health Referral programme at facilities	£78,000
Existing total including direct funding and related business/income	£180,700

1.5 Whilst DCC have been clear to point out that the new integrated model will result in no overall reduction in current district funding, the profile of the funding however has changed, see table below;

	Health Referral - based on population	Inactivity Fund – based on population and inactivity level	Walking for Health - based on population	Total	Previous amount	+/-
North East Derbyshire	£37,547	£37,635	£9,618	£84,800	£84,800	£0
County Total	£300,000	£260,000	£70,000	£630,000	£531,396	+£108,605

1.6 Although, as DCC have pointed out, there is no overall reduction in funding allocated to the district, there are changes that will impact upon us should the District Council accept the commission;

- The current level of funding allocated to delivering the Health Referral programme will reduce from £78,000p.a. to £37,547p.a. due to the introduction of the new 'Inactivity Fund' element of £37,635p.a. DCC have split out this funding to focus some of their investment in the wider community setting aimed at the physically inactive, the intention being to complement the Health Referral offer within our facilities. However it must be noted that whilst the £37,635p.a. Inactivity Fund is ring fenced for NED, this does not necessarily mean that the District Council team would be funded to deliver. The priorities for the Inactivity Fund will be established by a 'multi stakeholder' group within the district (including NEDDC) who will develop ideas to address physical inactivity within NED which would then be approved and funding released from a Countywide 'board' or 'panel'.
- The current target for the number of referrals will be substantially reduced, therefore the cost per client referred will be similar to that of the current contract.
- The current level of funding for the Walking for Health programme will increase from £6,500p.a. to £9,618p.a. This will present greater opportunities to further extend this programme.
- Embedded within the new integrated approach is the restriction to charge for the funded programme which in essence is 12 weeks @ 2 visits per week per client referred, this is in line with strict government guidelines surrounding health funding which prevents commissioned delivery services then charging referred clients on to funded programmes such as ours. Although this should always have been the case even as part of the existing contract, currently NEDDC Leisure Services have historically charged for this service at a concessionary rate. Conformance with the new contract will result in a reduction in that income stream of approximately £30,000p.a.

Table below demonstrates impact of new proposals on existing Health Referral Programme only, this does not include the WFH finding element.

Existing total including Health Referral direct funding and related business/income		£180,700
LESS - Reduction in Health Referral funding for 14/15 and beyond and lost income from first 12 weeks that we currently charge for		£70,453
Total projected income based on the proposed Integrated Wellbeing Approach contract		£110,247
Total projected income <u>GAP</u> based on the proposed Integrated Wellbeing Approach contract		£70,453

1.7 When considering the new contract and deciding whether or not to sign up to the new integrated approach, account needs to be made of the impact of choosing not to sign up to it. It is well documented how physical activity improves overall health, fitness and wellbeing levels, however what is probably not as well known is the impact of '*physical inactivity*'.

- Physical inactivity is said to be the fourth leading cause of death worldwide.
- In the UK it is reported that 17% of deaths are caused by inactivity.
- Only 30% of us are deemed active enough for our health.
- Medical experts have said that getting people who are inactive – active has the greatest single impact in terms of intervention in people's health.
- Physical activity helps tackle the root cause of many conditions including;
 - Diabetes
 - Cardio vascular disease
 - Dementia
 - Depression and anxiety
 - Arthritis and many more
- It is reported that physical activity increases bone density in teenagers which last all of their life.
- Physical activity can increase the strength and thickness of cartilage and prevent deterioration of the joints.
- Physical activity is said to reduce depression by 30% and dementia by 40%.

When coupled with other lifestyle and socio-economic issues, the effects of physical inactivity can become compounded and an individual's overall health and wellbeing can be affected to an even greater extent.

North East Derbyshire;

- Has a profile of people's health that is varied compared with the England average.
- Has a deprivation level that is lower than average, however there are pockets of high multiple deprivation particularly in the south of the District.
- Has approximately 15.4% (2,500) children live in poverty. Life expectancy for both men and women is similar to the England average.
- Has a life expectancy that is 11.5 years lower for men and 5.9 years lower for women in the most deprived areas of North East Derbyshire than in the least deprived areas.
- Has 15.2% of children in Year 6 that are classified as obese.
- Has 24.9% of adults that are classified as obese.
- Has only 23.8% of adults participating in 3 x 30 minutes of physical activity per week. The 3 x 30 minutes East Midlands average is 24.5% and the national average is 24.7%.
- Has a greater % of **least active demographic segments** in the district than either County, Regional or National levels. This segment equates to **41%** of our adult population in comparison with **37.4%** of the National population.

The importance of physical activity, as mentioned previously, is well known and understood, yet people remain inactive for any number of reasons. Behavioural change is difficult to achieve, however the removal of barriers to participation and

creating greater accessible opportunities to engage in physical activity will make this behavioural change process much easier. Targeted intervention programmes such as the Health Referral and Walking for Health Programmes are thought to be pivotal in that behaviour change process.

- 1.8 In tandem with the human impact of physical activity or inactivity and such programmes as these, the impact of choosing not to sign up to the new integrated wellbeing approach will have a potentially greater negative financial impact than those detailed in 1.5 above. As the table on page 3 indicates, if we chose not to sign up we would lose a further **£110,247p.a.** health referral related income – almost double the negative impact of signing.

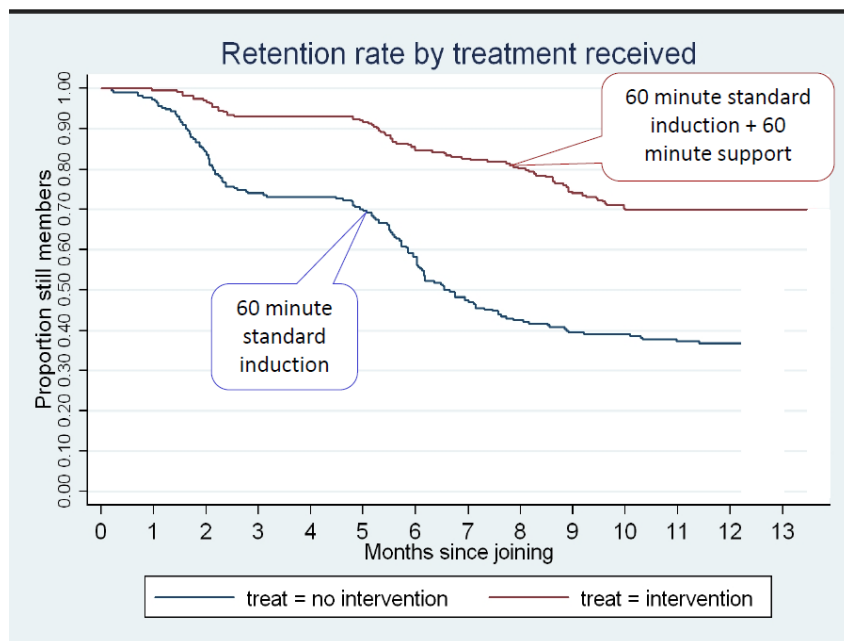
2 **Bridging the Gap**

- 2.1 In order to reverse the impact or 'bridge the gap' of the reduction in funding highlighted above in 1.6, the leisure services team aim to implement a number of actions to recover the lost income by investing some of our resources elsewhere in the business whilst developing ideas and initiatives to allow us to access the ring fenced new 'inactivity' fund described in section 1.5.
- 2.2 A considerable area of focus at present is the 'flip side' to increased sales – keeping our existing members longer, or business 'retention'. Key colleagues within our Leisure team have undertaken 'market leading' retention training recently and carried out extensive research into the factors that improve retention rates.
- 2.2.1 Overall, members leave at a rate of around 65 members per thousand, per month and on average each member stays 9.6 months.
- 2.2.2 The attrition rate in members aged 45+ is nearly half that of members aged 16-34 years.
- 2.2.3 At present we are currently losing around 123 members per month across all three sites, which is consistent with the national picture for facilities that have limited capacity in terms of staffing on the gym floor (as we do).
- 2.2.4 Contact time between gym floor staff and customers is intrinsically linked to higher retention rates. See table below from the FIA (fitness industry association) based on 15 years of study.

**The probability of making a visit next month
if fitness staff talk to you during a visit this
month compared to if they don't.**

	1 Interaction	2-3 Interactions	4+ interactions
Probability of visiting next month when compared to no interaction	20% more likely to visit	50% more likely to visit	80% more likely to visit

2.2.5 In addition to the improvement in gym member retention rates following increased contact, the introduction of effective follow up appointments and progress tracking measures further improve the chances of our members staying longer.



2.2.6 Membership attrition is one of the industry recognised methods that Leisure/Health & Fitness businesses can measure the effectiveness of their business. Dr Paul Bedford PhD, (Retention Guru) is an industry leader on retention training and concepts, as part of his work in the field he has undertaken extensive research into membership retention and attrition. In an experiment that included a study group of 100's of health and fitness facilities and tens of thousands of people, his findings further support the benefits of regular effective communication or 'intervention' as he refers to in his table below.

Attrition Rate	
Intervention group 60 minutes + 60 minutes support	24.3 per 1000 per month
Control group 60 minute standard induction	77.6 per 1000 per month

Difference of 53 per 1000 per month

2.2.7 In addition research shows that making at least 4 visits per month reduces the risk of membership cancellation by **29%**. Members who achieve at least

4 visits per month, stay on average **13 weeks longer** than those who visit less frequently. Effective contact, follow up appointments, progress tracking and other retention intervention work, can support the increase in the number of an individual's visits per month.

2.2.8 According to the Fitness Industry Association, if, during the first 3 months of membership, all members had an induction, a personal programme, at least one follow up appointment, were spoken to each visit, then **57% of the observed cancellations would have been avoided**.

2.2.9 At present the Healthy Lifestyle Instructors (HLI's) have a dual role split approximately 50/50 between gym floor cover and the health referral programme. In line with the proposed approximate halving of the health referral budget in the form of the new 'integrated health & wellbeing' proposal, it is envisaged that we will naturally reduce our resource into the delivery of that programme.

2.2.10 Considering the retention opportunities detailed previously, it is proposed that there is an increase to gym floor time for current Health Referral / Healthy Lifestyles Team to approx. 75% of their time - this additional capacity will be target driven to improve both sales and retention. By doing this it is projected that we could reduce the number of membership leavers by at least 25 per month increasing our income over a fixed 12 month period by around **£48,750 p.a.**

Table below represents a fixed 12 month period over which we would reduce leaver rates by 25 per month. Figures based on month 1 members retained for 12 additional months, month 2 retained members retained for additional 11 months and so on.

months	1	2	3	4	5	6	7	8	9	10	11	12		total
jan	625	625	625	625	625	625	625	625	625	625	625	625		£7,500
feb		625	625	625	625	625	625	625	625	625	625	625		£6,875
mar			625	625	625	625	625	625	625	625	625	625		£6,250
apr				625	625	625	625	625	625	625	625	625		£5,625
may					625	625	625	625	625	625	625	625		£5,000
jun						625	625	625	625	625	625	625		£4,375
july							625	625	625	625	625	625		£3,750
aug								625	625	625	625	625		£3,125
sept									625	625	625	625		£2,500
oct										625	625	625		£1,875
nov											625	625		£1,250
dec												625		£625
														£48,750

2.3 In addition to the increased retention intervention work, it is proposed that some of this additional gym floor capacity is used to support planned changes to opening hours at Sharley Park Leisure Centre and Eckington Swimming Pool to become more closely aligned to the early opening times at Dronfield Sports Centre. It is envisaged that this will have the combined effect of both attracting new members who prefer to train early morning (7am start), which we don't currently offer at either Sharley Park or Eckington, along with providing existing members who may want to train early morning but currently can't, the opportunity to train at other times

therefore freeing up space for more new members during the busy evening sessions. It is envisaged that this alteration will generate a net increase of at least an additional **£18,000p.a.** across the two sites.

- 2.4 Along with the retention work of the gym floor staff, sales targets will be introduced for the sites which they would also contribute towards.
- 2.5 We have an opportunity to charge clients beyond the 24 'free' sessions (2x sessions per week x 12 weeks), for example if an individual decided they wanted to train 3 x per week, then we would charge for the third at the existing concessionary rate.
- 2.6 We also have an opportunity to begin charging 'Waist Wise' activity – (room hire to the organisation) not currently charged for.
- 2.7 Another measure may include reducing our staffing contribution previously funded to operate the Health Referral programme in other external settings.
- 2.8 As a department we will also be accessing the 'inactivity' funding (ring fenced for the district) to develop a variety of programmes ranging from community health checks to community outreach sessions, to targeted marketing programmes aimed at those most inactive in our communities to encourage participation at our facilities.

3 Financial Impact Following NEDDC Planned Interventions

- 3.1 As detailed previously, the new 'Integrated Wellbeing Approach' proposal and contract does not present an overall reduction in funding for the district, however as also previously detailed, the profiling of the funding does have an impact on how we are currently structured to deliver the existing health referral programme, resulting in a 'funding gap'.
- 3.2 However, if the proposals detailed in section 2 of this report are approved, it is envisaged that not only will the 'funding gap' be closed, but the financial position would be better than with the existing contract in place. See table overleaf.

Health Referral Projected Income to NEDDC Leisure Centres 2014/15	
Income from first 12 weeks	£5,304.50
Income from room hire at DSC @ £10ph (number of 12wk completers)	£5,720.00 375
Concessionary/Leisure Pass payment	£4.00
Income from Concessionary/Leisure Pass payment	£1,500
Number of 52wk completers 30%	113
If each of 375 12wk completers attends on average 2 x pw @ £2.50 per session ending with 113 completers at 52wk	£48,800
If 50% of 375 <u>WaistWise</u> 12wk completers attends on average 2 x pw @ £2.50 per session ending with 113 completers at 52wk	£24,400
Projected Leisure Centre total income from wk 12 - wk 52	£74,700
Guaranteed income from NHS 2014/15	£37,547
Improved retention rate	£48,750
New members following early morning opening	£18,000
Total projected income from Health Referral	£190,022
Potential income from Inactivity Fund 2014/15	£37,635
Total projected income from Health Referral & <u>potential</u> Inactivity Projects Income Via other sections of the service	£227,657

4 Conclusions and Reasons for Recommendation

- 4.1 The DCC commissioned health referral based contracts formerly known as 'HUB' and the newly proposed 'Integrated Wellbeing Approach' are extremely important areas of work particularly in this district when consideration is given to the impact of physical inactivity and the health profile of NED which is detailed in section 1.6.
- 4.2 However, although as detailed previously, the new 'Integrated Wellbeing Approach' proposal and contract does not present an overall reduction in funding for the district, as also previously detailed, the profiling of the funding does have an impact on how we are currently structured to deliver the existing health referral programme, resulting in an overall 'funding gap' equating to **£70,453p.a.**
- 4.3 Never the less, as detailed in section 1.8 if we chose not to sign up we have the potential to lose a further **£110,247p.a.** of health referral related income – almost double the negative impact of signing.
- 4.4 By implementing the range of 'interventions' or 'measures' designed to 'bridge the gap' there is an opportunity to not only close the gap, but to improve on the existing financial position overall.

- 4.5 It is recommended that Members approve the signing of the new 'Integrated Wellbeing Approach' contract, along with approval to implement the interventions detailed in section 2.

5 Consultation and Equality Impact

- 5.1 This proposal will impact on a number of target user groups resulting in increased participation and physical activity levels.

6 Alternative Options and Reasons for Rejection

- 6.1 Reject the contract and cease the current Health Referral programme – This would be both financially and socially detrimental to both the District Council and wider community respectively.
- 6.2 Reduce the existing Healthy Lifestyle Instructor (HLI's) posts to match the funding reduction – This would result in a disjointed team and a reduction in gym floor presence which would undermine the retention work detailed within this paper and compound the negative financial effects of a reduction in funding.

7 Implications

7.1 Finance and Risk Implications

- 7.1.1 The profiling of the funding does have an impact on how we are currently structured to deliver the existing health referral programme, resulting in an overall 'funding gap' equating to **£70,453p.a.**
- 7.1.2 As detailed in section 1.8, if we choose not to sign up we have the potential to lose a further **£110,247p.a.** of health referral related income – almost double the negative impact of signing.
- 7.1.3 If signing of the contract and the identified interventions are approved, it is envisaged that the identified funding gap will be closed along with the creation of an improved financial position to that of the existing contract and related business.

7.2 Legal Implications including Data Protection

None

7.3 Human Resources Implications

- 7.4 If the proposals and interventions are approved then the HLI team will see a shift of emphasis from 50/50 split between health referral work and gym floor work, to a 75/25 split in favour of gym floor work.

8 Recommendations

- 8.1 It is recommended that Cabinet approve the signing of the new 'Integrated Wellbeing Approach' 3 year contract between DCC and NEDDC with a start date of December 1st 2014.

8.2 It is also recommended that Cabinet approve the proposed interventions as detailed in section 2 and listed below;

- Increase the gym floor time for current Health Referral / Healthy Lifestyles Team to approx. 75% of their time - this additional capacity will be target driven to improve both sales and retention.
- Additional gym floor capacity is used to support planned changes to opening hours at Sharley Park Leisure Centre and Eckington Swimming Pool with resulting in greater income generating potential
- Along with the retention work of the gym floor staff, introduce sales targets which they would also contribute towards.
- In line with the new contract, charge clients/referrals beyond the 24 'free' sessions (2x sessions per week x 12 weeks).
- Begin charging 'Waist Wise' activity – (room hire to the organisation) not currently charged for.
- Undertake a review of our outreach/external Health Referral provision which may result in reducing our staffing contribution previously funded to operate the Health Referral programme in other external settings.
- Develop ideas/projects to enable NEDDC Leisure Services to access the 'inactivity' funding (ring fenced for the district), including but not limited to, community health checks, community outreach sessions, targeted marketing programmes aimed at those most inactive in our communities to encourage participation at our facilities.

8.3 It is recommended that a review of the interventions detailed in 8.2 above is undertaken at 6 month intervals throughout the contract term.

9 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	

10 Document Information

Appendix No	Title
N/A	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
N/A	
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AGIN 5(b) (CAB 1119) Derbys Integrated Approach to Health and Well Being/AJD