

EXECUTIVE BOARD COMMISSIONING SUB-COMMITTEE –27th JULY 2012

Title of paper:	Integrated Alarm Provision in Nottingham City (including sheltered and dispersed support)	
Director(s)/ Corporate Director(s):	Candida Brudenel, Director Quality and Commissioning Ian Curryer, Acting Deputy Chief Executive and Corporate Director for Children and Families.	Wards affected: All
Portfolio Holder(s):	Councillor David Liversidge, Portfolio Holder for Housing, Adults and Community Sector Councillor Jon Collins, Portfolio Holder for Health, Commissioning and Human Resources.	Date of consultation with Portfolio Holder(s): 25 th June 2012
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Other colleagues who have provided input:	Tony Maione – Solicitor, Team Leader: Contracts & Commercial Nicola Halton - Procurement Lead Officer (Children and Families) Geoff Walker – Head of Departmental Finance, Corporate Finance	
Key Decision: Yes		
Reasons for Key Decision:		
Expenditure, income or savings of £1,000,000 or more taking account of the overall impact of the decision:		
• Revenue expenditure		Yes
• Revenue income		
• Savings		
• Capital expenditure		
• Capital income		
To be significant in terms of its effects on communities living or working in an area consisting two or more wards in the City		
Relevant Council Plan Strategic Priority:		
World Class Nottingham		
Work in Nottingham		X
Safer Nottingham		X
Neighbourhood Nottingham		X
Family Nottingham		
Healthy Nottingham		X
Leading Nottingham		
Summary of issues (including benefits to citizens/service users):		
The report provides the Committee with the recommendations regarding the provision of care alarms following the value for money exercise undertaken with Nottingham City Homes (NCH).		
Appendix 1 and 2 to this report, including finance and legal comments, are exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972		

because they contain information relating to financial values of existing contracts and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it is held in commercial confidence.

Recommendation(s):

1	That the Committee agrees to make a request to NCH to deliver integrated alarm provision in accordance with the terms and ethos of the Partnering Agreement between the Council and NCH within the City of Nottingham up to the value of £318,945 for 3+3+3 years (final term ending 6 March 2021 in line with the Partnering Agreement) through a block gross contract model.
2.	That the Committee agrees to award monies for the provision of care alarms within sheltered housing to existing sheltered housing providers through existing block gross contracts.

1 BACKGROUND

- 1.1 Care alarms are one of the simplest forms of assistive technology which enable vulnerable older people to live on their own when they would otherwise need (or feel the need) to live in a more costly supported environment. When crisis occurs in people’s lives (such as a fall or a stroke) the presence of a care alarm allows them to swiftly call for (through the press of a button or the pull of a cord) and receive (through a friend/relative or mobile response service) help. This in turn limits the severity of the negative health outcome which has an immediate benefit for health services (reflected in the inclusion of NHS transferred funding to support the alarms provision) and then secondary benefits for social services.
- 1.2 This low cost early intervention has a strong strategic fit with the Nottingham Plan (*enabling people to access services that are of high quality, safe and promote independence and choice, well being and dignity*), The Vulnerable Adults Plan (*Vulnerable adults have the support to live with choice, control and dignity*) and the manifesto commitments (*Fund early intervention activities that have been effective and shown to work, Protect from cuts...Services for the frail elderly and most vulnerable*).
- 1.3 A report was presented to Executive Board Commissioning Sub-committee on 13th July 2011 to seek approval for the commencement of the Older People Living Independently strategic review.
- 1.4 As part of the 2011-2012 Strategic Commissioning Reviews, it was identified that care alarms provision within the city was fragmented and of varying quality/values for money. It was therefore agreed at Executive Board commissioning Sub-Committee in December 2011 that all alarms contracts would be extended to enable a rationalisation process to take place covering the provision of alarms.
- 1.5 In March 2012, it was agreed through a Portfolio Holder decision to undertake a value for money (VFM) exercise with NCH as part of this rationalisation process. NCH hold the majority of alarms contracts. This VFM exercise was set up to establish whether or not it would represent value for money for the Council to request NCH to provide the alarms service within the spirit of the Partnering Agreement between NCH and the Council. The VFM exercise therefore is key to exploring this option for alarm provision rationalisation.
- 1.6 The Council can leverage its relationship with NCH to rationalise alarms provision without costly procurement processes if this option can be shown to offer value for money.
- 1.7 Table 1 over the page shows the before and proposed “after” situation. It should be noted that the rationalisation has, as its prime focus, the maintenance of a quality

service for users and as a secondary, but very important focus, the removal/reduction of administrative costs and contract management obligations. It is cheaper to manage 1 contract as opposed to 43.

	Before¹	After
Number of contracts	43 alarms only contracts plus sheltered contracts	1 alarms only contract plus sheltered contracts
Spread of NCC alarms payments /unit/week	£1.17-£8.27	£2.27 only*
Average unit cost	£2.38	£2.27*
Spread of quality of NCC funded services	A mixture of monitoring and response and monitoring only services (with friends/family or emergency services relied upon for any response required)	Monitoring and response only

*Subject to 12/13 funding levels for sheltered housing not exceeding 11/12 allocations for individual sheltered housing providers.

2 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The VFM exercise with NCH has shown that there is a reasonable alternative (in value terms) to put in place cohesive care alarms provision with a consistency of quality and price, delivering value for money with a significantly reduced nominal unit cost. This route also removes any procurement project costs that might also arise.
- 2.2 Through requesting NCH to provide all dispersed alarms within the City (on a block gross contract model) the Council is able to ensure fair access to care alarms for older people across the city.
- 2.3 The awarding of an alarms add on to existing sheltered contracts both recognises the importance of and, ensures the continuation of, a highly valued model of older people's housing. If the recommendations were not accepted, it is considered that any alternatives would ultimately work to undermine the sheltered model for which a care alarm is an integral part. The sheltered contracts are set to run until the end of March 2015 and can be varied down if the providers decommission their own units.
- 2.4 The requirements and the nominal unit price (contracts will be on a block gross model and there will be some fluctuation in demand) for the sheltered alarms add on and the provision request from NCH will be the same. It is felt that this responds to concerns about consistency of quality and cost across the City.
- 2.5 The proposals will also ensure a reduced contract management burden for the Council.
- 2.6 NCH currently deliver additional 24/7 call centre related services on behalf of the Council for a minimal cost, as detailed in exempt appendix two. These services would otherwise have required inclusion within any procurement process. This would have driven greater cost than those currently incurred (the majority of these services being delivered at no extra cost to the Council). This factors into the VFM exercise and underlines the attractiveness in financial terms of the option recommended.
- 2.7 The business case for this option can be found in exempt appendix two.

¹ "Before" refers to the situation in 11/12. Since 1st April 2012 interim arrangements have been in place to realise savings throughout the 12/13 financial year

- 2.8 A contract term of 3+3+3 years (with the final term ending on 6 March 2021 in line with the Partnering Agreement between NCH and the Council) is recommended. This term ties in with the Partnering Agreement timescales and gives certainty to NCH which enables them to deliver greater value for money over time. The Council will monitor both performance and value throughout.
- 2.9 The rationale for making the recommendation to request NCH to deliver the integrated alarms provision in the City of Nottingham is:
- Increased value for money
 - Improved quality across the system with all alarms services meeting the required standard
 - Decreased risk to citizens, the Council and NCH.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 Do nothing and continue with the current alarm contracts

This approach is inefficient; it does not provide best value for money and it will not result in the savings required as part of the 2010/2011 strategic reviews. Citizens receive a different level of service dependent on who provides their alarm.

3.2 Re-commission current service into two contracts – one for NCC properties and one for provision to citizens in non NCC properties

This would not maximise value for money. Individual contracts may struggle to be viable. This approach could also result in citizens receiving differing levels of service.

3.3 Decommission all current contracts and procure one unified contract

The required savings will not be realised quickly as any new provider would not be in place until 2013. Additionally a potential loss of local jobs might follow dependent on the identity of the organisation procured. In terms of VFM the Council must factor in potential redundancy costs incurred by NCH in assessing the true costs of the options available. The additional services NCH provide to NCC through their call centre would also be at risk and could cost the Council more through an alternate provider (see exempt appendix two).

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 The cost of this block gross contract for NCH is £318,945pa whilst the sheltered add on will cost up to £288,017 (some of which will be delivered by NCH and some of which will be delivered by other providers) which together totals £606,962.
- 4.2 The headline figure for expected savings from alarms in 12/13 is £267,311 based on demand estimates. These savings will contribute to the Adult Social Care big ticket savings.
- 4.3 The savings figure is based upon an original budget of £820,000 which is financed from £425,000 general fund budget and £395,000 NHS transferred funding.
- 4.4 The saving is realised through both existing measures that have already been actioned and through the new proposals which will be implemented part way through the year.
- 4.5 The NHS transferred funding is only available for 12/13 and 13/14 thereafter it is unclear whether any additional funding will be received from health (though this will be sought). The contracts will reflect this funding uncertainty and should funding from health not be available then NCC, in consultation with NCH, will have to consider the future delivery of the service.
- 4.6 A full financial report detailing costs associated with this block gross contract can be found in exempt appendix one.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 The impact to citizens has been considered through the value for money exercise undertaken with NCH
- 5.2 The recommended option provides no direct impact to citizens who currently receive an alarm contracted through NCH as the alarm service they receive will remain or even improve in some cases.
- 5.3 In some cases citizens may receive an alarm through a different service provider however the quality of service received will remain or in some cases even improve.
- 5.4 There is a risk which lies with citizens who are in receipt of an alarm only service which is a part of their tenancy agreement. These contracts will be ended and units utilised as capacity for the block gross contract. It will then be up to the landlord to decide whether or not to alter the tenancy agreement/alarms charge. If they choose not to then the tenant will have to pick up the cost themselves (despite being on housing benefit). If the landlord did remove it from the tenancy agreement then, providing there was a need for the alarm, this could be provided through the recommended NCH provision.
- 5.5 The alarms add on to the sheltered contracts requires certain quality levels (to protect citizens and ensure consistency of quality) which may not fit in with providers current arrangements. Should those sheltered contract providers refuse the add on to avoid the quality requirements protecting citizens being imposed upon them then they would have to charge their residents on housing benefit for alarms.
- 5.6 These risks could only be wholly mitigated through remaining with the current contracts which, for the reasons stated above, is not an option. Through discussion and explanation of the benefits and focus on citizen interest it is expected that the risks stated can be managed appropriately.
- 5.7 The 90% utilisation requirement leaves a risk that NCH could stop at 90% of the contract. This risk will be mitigated by close monitoring of utilisation. Once NCH have reached 90% utilisation, if they do not continue to fill un utilised units then the city council reserve the right to review the block gross contract value.
- 5.8 Legal comments are detailed in exempt appendix one.

6 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached as appendix 3

7 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

8 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

Integrated Alarms Provision in Nottingham City (including sheltered and dispersed support) – Portfolio Holder - 16/03/2012

2011/12 Strategic Commissioning Intentions – Progress Update – Executive Board
Commissioning Sub-Committee - 14/12/2012

Executive Board Commissioning Sub-committee Report – Strategic Commissioning
Intentions (13th July 2011).