
REPORT TO:	Finance and Management Committee	AGENDA ITEM: 7
DATE OF MEETING:	5th December 2013	CATEGORY: DELEGATED
REPORT FROM:	Director of Housing and Environmental Services	OPEN
MEMBERS' CONTACT POINT:	Bob Ledger Ext. 5975	DOC:
SUBJECT:	Careline Services – Consortium proposal	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: HCS01, FM01

1. Recommendations

- 1.1 Members approve further expenditure of up to £10,000 from the Housing Revenue Account in the development of two separate companies in a consortium arrangement to deliver Careline services county wide from October 2014. The detail of the expenditure to be approved by the Chairman of the Housing and Community Services Committee.
- 1.2 To note the recommendation of the Housing and Community Services Committee recommendation from the meeting held 28th November regarding this matter.

2. Purpose of Report

- 2.1 In reports to the 1st September 2011 and 13th June 2013 Housing and Community Services Committees members approved officers to progress a consortium project to provide Careline services across Derbyshire.
- 2.2 This report seeks approval to commit further resources in progressing the feasibility and development of the project.

3. County Council Supported Housing Funded Contracts

- 3.1 Supported Housing Services in South Derbyshire come in two forms. The Careline Coordinator Services (formerly sheltered housing wardens) and Careline and Telecare Call Monitoring Services. The primary, but not only, funding source for both services is the County Council through what was known as Supporting People finance. Basically this funding pays for the supported housing services of most of those people in receipt of welfare benefits. The balance of the funding comes from individual customers paying for the service direct to ourselves.
- 3.2 Historically the County Council has paid different amounts around the County dependent on the cost submissions of the service deliverers; Borough/District Councils (as in our situation), Housing Associations or private sector providers.

- 3.3 Charges around the County have differed significantly and inevitably the County Council has sought to deliver better and more consistent value
- 3.4 The Warden contract (Older Persons Housing Related Support Service) was tendered on a traditional specification basis in 2012 and the tender from South Derbyshire District Council was successful in the face of external competition. This contract award, effective 1st April 2013, ensures continuity of service, a locally based service and value for money. Members will recall that we had restructured the service in 2011 to prepare us for the tendering process and this stood us in good stead.
- 3.5 For Careline Control and Monitoring Contracts the Committee approved, in September 2011, the progression of a potential consortium arrangement of the then three (High Peak have subsequently wound up their ALMO arrangement) retained housing stock councils in Derbyshire each of which retain a separate control room. Effectively the consortium idea was to work together to share costs and provide services county wide thereby delivering better value across the board including to the main client, the County Council. The arrangement was dependent on the County Council being willing and able to bring their 9,000 funded customers into the arrangement which was confirmed in a County Cabinet decision of November 2011.
- 3.6 To date the 3 authorities (Bolsover, Chesterfield and ourselves) have worked up a large part of the detail in forming a consortium. The original proposal was that the new consortium could be in place for April 2013. However in the summer of 2012 the Adult Care Officers we were liaising with in the County Council, received legal advice that they could not simply 'handover' clients to the consortium. This was primarily because the consortium would have been an external body to the County Council.
- 3.7 On price grounds the consortium would never be the cheapest possible provider in the market as there are large national call handling companies operating in this service area i.e. who can always deliver a higher economy of scale. All parties involved though also wanted to keep the service as local as possible where control room operators have the potential to better understand the localities of the customers, where quality can be more readily assured and where the service could be developed further to complement other care services provided by the County Council and by the local NHS Trust.
- 3.8 Following the legal advice given to the County Council in the summer of 2012 an alternative means of delivering the service within the County has been sought. Further legal advice has been obtained and the potential solution is to bring the County Council into the consortium effectively as the fourth partner. That advice goes on to state that the form of the consortium would need to be in two companies: one for the publicly funded customers and one for those paying for the service direct i.e. a trading company.
- 3.9 Each of the four consortium partners now has broad political approval to progress this alternative arrangement. Although no decisions have been made on governance arrangements the basic principles proposed are that the partners would share the efficiencies of joint working and members would take on the role of Directors in companies limited by guarantee i.e. the Directors would be nominated by the four consortium partners.
- 3.10 The advantage of the proposed model is that it keeps the service local to Derbyshire whilst still allowing the achievement of significant economies of scale and thereby improving value for money across the board. In this way the consortium can control

not only the operational but also the strategic direction of the service and how they interact and complement other care services provided in the County.

- 3.11 The main costs in establishing the partnership will be in officer time, new IT hardware and infrastructure and legal support costs. The business model being worked upon is likely to require initial capital investment in IT infrastructure by the District and Boroughs which will in effect be 'reimbursed' through revenue payments over time by the County Council. Clearly in a four way partnership such an arrangement needs to be transparent in that costs and risks are appropriately shared. Investment in the IT infrastructure is still a number of months away and needs to be brought back to the Committee as part of a detailed business plan for the consortium.
- 3.12 A current cost pressure is the need to progress the legal framework and structures determining the form of the two companies and their governance arrangements. It is estimated that this will cost around £30,000 and initially this would be shared equally by the District and two Boroughs i.e. £10,000 each.
- 3.13 A budget of £10,000 was initially approved by this Council in September 2011 and of that funding approximately £5,000 has been expended on initial legal and consultancy fees. Although the balance remains uncommitted approval is sought to fund a further full £10,000 at this time allowing some limited capacity to make further progress. It is anticipated though that the proposed full business plan and governance structure will be brought before this Committee in the first half of 2014.

4. Corporate Implications

- 4.1 South Derbyshire District Council's vision is being delivered through actions grouped into 4 themes within the Corporate Plan 2009-2014. Working as a partner in a consortium with three other local authorities to provide locally based services, which are tailored to an individual's needs contributes to two themes:
- Theme 2 - Safe & Secure. This theme covers quality decent homes to promote independent living in neighbourhoods that feel safe and secure.
 - Themes 4 - Value for Money. This theme includes continuing to meet community needs, improving performance and reducing costs through efficiencies.

5. Financial Implications

- 5.1 As detailed in the report approval is sought to commit a further £10,000 from the Housing Revenue Account Reserve to this project to specifically fund the development of the legal framework of the two companies. This will allow the balance, approximately £5,000, of previously approved funding to be used as a contingency to enable further limited work without recourse to Committee but with the express approval of the Chairman of Housing and Community Services Committee.
- 5.2 The largest additional cost in the new arrangement is likely to be the need to upgrade control room equipment around the County in order to ensure that it is compatible with the other consortium member systems. The cost of this could be in the region of £250,000 for the whole consortium. The business case of how this investment could be recouped and over what timeframe is the next stage in the process.

5.3 The County Council currently fund alarm monitoring at a price of upto £2.60 per week per existing client (equipment is funded separately). The equivalent self funders currently pay £3.00 per week. The business case to be formulated needs to evidence how these prices can be cut substantially by the consortium arrangement through improved efficiencies.

6. Community Implications

6.1 To be able to maintain a highly valued service locally and potentially provide it at lower cost should meet with community approval.