

EXETER CITY COUNCIL

SCRUTINY COMMUNITY COMMITTEE 10 NOVEMBER 2009

**EXECUTIVE
24 NOVEMBER 2009**

REPLACEMENT OF HOME CALL EQUIPMENT

1 PURPOSE OF REPORT

- 1.1 To notify Members of a forthcoming withdrawal of support by the Council's current provider for its Home Call equipment and systems, and to seek approval to purchase new equipment and systems in this financial year.

2 BACKGROUND

- 2.1 Three main services are delivered by the Council's Control Room, the CCTV operation, the out of hours telephone call centre for the Council, and the Home Call service. The Home Call service is provided by the Controllers, linking with the service's 7 Retained Wardens in the field, with 2018 vulnerable clients. The service operates 24 hours of the day, every day of the year.
- 2.2 The Current Home Call monitoring equipment was installed in 2000 and was purchased and maintained by a specialist provider. Recently the provider has given formal notice that they are unable to support this present system after April 2010. They have also given subsequent notice that they will be unable to maintain the service's uninterruptible power supply (UPS), which would render the service vulnerable to power supply failure. This would mean that the service would not be able to be reliably sustained from April 2010.
- 2.3 Home Call currently generates an income of £154,000 each year from dispersed alarms with an additional income of £67,000 per annum from Supporting People in respect of alarms in the Council's own sheltered housing sites. There is good potential for this income to increase if we can increase the number of customers.
- 2.4 An evaluation of the financial implications of being unable to support the Council's sheltered housing and Home Call clients led officers to conclude that replacement of the system is necessary and that this has to be complete by 30 March 2010.

3. CURRENT SERVICE & OPTIONS

- 3.1 In the previous 12 months the Control Room has responded to 44,260 Home Call requests, so the service is well used and valued by clients. The current alarm receiving equipment is based on an older software platform. The equipment providers have given notice that they are not able to support this platform after April 2010. Without around the clock maintenance the service is vulnerable to equipment failure and the loss of our ability to receive and respond to Home Call and Sheltered Site emergency alarms for approximately 2,000 vulnerable clients.
- 3.2 Changes in the British Standards governing alarm protocols have resulted in a significant amount of development work demanded of manufacturers and the current system is simply too old to warrant the associated development cost. This leaves the Council with a number of options in regard to this discretionary service:

- discontinue the service;
- lease new equipment;
- purchase new equipment; or
- out-source the service.

Discontinuing the service

- 3.3 The service is delivered jointly with two other Control Room services - CCTV monitoring and the Council's out of hours contact centre. The synergy between these three services works well, with each supporting the other and with officers (Controllers) multi-tasking. Removing one of the services would not realise any savings in staff costs, without a reduction in the delivery of the other services.
- 3.4 The service generates substantial income of approximately £221,000 per annum. The drive by Government is for an expansion of Telecare systems and Telehealth (using proactive monitoring equipment to monitor someone in their home) to meet the needs of a growing elderly population, therefore demand for service will grow in future. Any discontinuation of the service will see the immediate reduction in income, and the opportunity for building the client base and generating greater value for money will be lost.
- 3.5 The Council has over 2,000 vulnerable clients who make great use of and value the service, 90% of clients are satisfied or very satisfied with the service. There would be a reputational cost in withdrawing the service, as well as a contractual liability until all annual contracts run their course.
- 3.6 For the reasons given above, this option has been discounted.

Direct Purchase

- 3.7 The option to replace the equipment through direct purchase now appears the most attractive of the remaining options. The equipment has a predicted life of five to six years, which makes this option comparative with leasing over a 5 year term, but more competitive than leasing over a six year term (see Appendix I for cost comparison).
- 3.8 The cost of purchase is an estimated £51,000 in year 1, with annual maintenance costs of estimated at £13,000. Most providers would offer either a 1 year or 2 year warranty within the purchase price, therefore for comparison, maintenance costs are shown from year 3.
- 3.9 At the end of life of the equipment, a decision would be made whether to purchase or lease further equipment. The life of the current equipment has continued over an 8 year term, therefore, officers are confident that the need to re-purchase or lease would not be required until year 7.
- 3.10 Based upon a 6 year term, the purchasing option would cost £102,441, which includes 4 years of maintenance contract. An annual maintenance charge of £17,000 is currently paid to the existing provider.
- 3.11 Purchasing the equipment at £51,000 would fall below the EU threshold for tendering. A thorough review of the market has been conducted and competitive prices obtained. A detailed assessment of each supplier has been undertaken that is in accordance with Public Contracts Regulations 2006.

Leasing

- 3.12 Two leasing options were considered, a 3 year and 5 year term, however, as the 5 year term is clearly cheaper, this has been used for comparison. The annual leasing costs of the hardware and systems is £28,055, giving an overall cost of £140,634 over 6 years (this assumes the first year of a new lease at year 6 will be at the same level as before). There is no annual maintenance cost as this is incorporated into the lease agreement.

Out-sourcing

- 3.13 The option of contracting the service out to a third party provider was examined, but the cost of this service rendered this option financially unsound. In addition, the extra customer care that is currently provided to clients in relation to non-core service calls, would be expensive to provide for through a contractor.
- 3.14 As with the option to discontinue the service, there is little potential to generate a staff cost saving with contracting out. The Council would still have to market and run Home Call as a service. The inter-relation between the other Control Room services results in staffing costs being particularly competitive, when compared to an external provider.
- 3.15 The cost of outsourcing is estimated at £327,600 for a 6 year term, which makes it the least favourable of the options.

Uninterruptible power supply

- 3.16 Due to the present provider withdrawing from maintenance of the UPS, it will be necessary to replace this at a capital cost of £7,800, whichever option is chosen. Indications from a potential provider confirm that this cost will include ongoing maintenance for the 6 year term (the current provider charges a maintenance fee for this service of approximately £1,000 per annum).

Accreditation

- 3.17 The Telecare Services Association (TSA) is the UK national organisation that represents such services as Home Call, and accreditation with the TSA is a sign of a well run Telecare organisation. TSA aims to promote and support the Telecare industry and highlight the benefits of Telecare for consumers. The TSA has almost 300 members, primarily from Local Authorities, Registered Social Landlords and private sector suppliers. TSA members give support to the majority of the 1.5 million service users who benefit from Telecare in the UK. In short to medium term, the industry will face a drive for accreditation as commissioning bodies such as Supporting People require this.
- 3.18 The Control Room service is currently working towards gaining TSA accreditation. Once gained, there is an ongoing annual revenue cost to accreditation of approximately £2,500. It will be necessary for the Council to obtain accreditation in the short-term in order to be able to continue and expand the operation of the service in the medium and longer term. It is likely that the service will need to gain accreditation in 2010/11.
- 3.19 There is good potential to expand the service and increase income substantially and generate surplus. Any significant expansion in customer base would require additional staff resources to ensure the service is properly operated, however, a business case would be made to fund these resources through the income generated.

3.20 The Control Room service as a whole is currently being reviewed with a proposal to reduce staff compliment from 13.4 FTE to 11.2 FTE; consultation with trades union and staff commenced on 8 October 2009. This is subject to a separate report to Scrutiny Committee – Community.

4. PROPOSAL

4.1 It is therefore proposed that new Home Call alarm equipment including an uninterruptable power supply is purchased in this financial year.

4.2 It is also proposed that the service obtains the Telecare Services Association accreditation.

5. FINANCIAL CONSIDERATIONS

5.1 In order to purchase new Telecare equipment and systems and a replacement UPS, an adjustment to the 2009/10 Capital Programme would be required and funding sought from borrowing that would give an annual revenue cost of approximately £12,000 over a five year term. The income generated from the service will meet this revenue cost.

5.2 The maintenance costs of the equipment over that term, together with the annual cost of TSA accreditation will be met from income generated by the service.

6. RECOMMENDED that Scrutiny Committee supports and Executive approves:

- (1) an adjustment to the 2009/10 Capital Programme to include capital funding of £58,800 from new borrowing, with an ongoing revenue cost of £12,000 for 5 years, for the purchase of new Telecare equipment and systems, and the purchase of a UPS in 2009/10 to replace the existing before March 31st 2010;
- (2) revenue funding of £2,500 from the General Fund Revenue from April 2010 to maintain accreditation with the Telecare Services Association;
- (3) the service expanding its customer base subject to the available resources of the service.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

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COMMUNITY & ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:**