

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Adult Social Care
<b>Date:</b>	29 June 2012
<b>Title:</b>	Mainstreaming Telecare in Hampshire – Business Case
<b>Reference:</b>	3923
<b>Report From:</b>	Director of Adult Services

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### 1. Executive Summary

- 1.1. The purpose of this paper is to bring to the attention of the Executive Member for Adult Social Care the attached business case for mainstreaming telecare in Hampshire (exempt Item 6) previously agreed by the Adult Services Departmental Management Team (DMT). The purpose of the business case is to examine the benefits of mainstreaming telecare in Hampshire and the preferred delivery model for achieving this, the engagement of a Strategic Partner. Therefore, this paper is seeking permission to tender for a Strategic Partner to provide a fully managed telecare service and that the Executive Member for Adult Social Care give consideration to remove the charge for telecare services through the Contribution Policy Review.
- 1.2. The proposed contract term for a Strategic Partner is 3 years with the option for a further two years (1+1 basis). The contract value over the 5 year period would be up to £10,722,697.
- 1.3. This paper seeks to
  - Set out the background to the mainstreaming telecare project
  - Highlight the principal elements of the business case
  - Highlight the key financial implications of the business case
  - Outline the proposed procurement timetable.

### 2. Contextual information

- 2.1. Hampshire County Council Adult Services department's vision for adult social care is one that places significant emphasis on prevention and early intervention, re-ablement services and measures to avoid increasing dependency on care services as well as ensuring those that need long-term care are able to access appropriate good quality services. Increasingly,

individuals are demanding that they are assisted to live as independently as possible for as long as possible and to have the ability to make choices about the care and support they receive, these desires are cornerstones of the vision the department has adopted. The development and mainstreaming of telecare and associated assistive technology will play a major role in enabling Hampshire residents to achieve these aims. The provision of telecare will complement a range of other care and support services to ensure people are able to live safely, have their individual needs met unobtrusively and in ways that suit them, provide reassurance to carers and other family members and provide a lifeline to help and assistance, 24 hours a day, should that be needed.

- 2.2 Telecare is technology based remote care enabling people to remain independent and stay in their own homes for longer. Significant work has been undertaken nationally with the implementation of the Whole System Demonstrator (WSD) sites. The WSD programme is a two year research project funded by the Department of Health to find out how technology can help people manage their own health while maintaining their independence. At present we are still awaiting the analysed results from the telecare element of the WSD project. The WSD programme is believed to be the largest randomised control trial of Telecare and Telehealth (6,000 individuals) in the world to date. Thousands of members of the public will be involved in the programme with individuals being recruited at three sites (Cornwall, Kent and Newham).
- 2.3 Following the WSD the Department of Health (DH) believes that at least three million people with long term conditions and/or social care needs could benefit from the use of telehealth and telecare services, the 3Million Lives initiative. Implemented effectively as part of a whole system redesign of care, telehealth and telecare can alleviate pressure on long term NHS costs and improve people's quality of life through better self-care in the home setting. On 19 January, Paul Burstow, Minister for Care Services committed to work with industry, to support the NHS, social care and professional partners in 3millionlives in order to achieve this level of change. A Concordat supporting this commitment was also published.
- 2.4 The development of telecare services and associated studies have shown that there are significant benefits to individuals utilise these services, both those receiving assessed care packages and those who choose to purchase services for themselves. Telecare and associated assistive technology is less intrusive, enhancing people's sense of dignity and quality of life, can provide significant levels of confidence and reassurance for family members and provide carers with levels of respite not possible or affordable through traditional care services. For example, the provision of monitoring equipment within the home may allow a carer to tend the family garden with the confidence that should their help be needed they will be alerted immediately or provide them with the confidence that while they sleep, telecare will monitor the cared for person and alert them should that need arise.

- 2.5 Take-up of telecare in Hampshire is currently low, with only approximately 260 service users despite a number of drives in recent years to improve take-up. Current provision is delivered through four contracted providers for preventive telecare, and spot purchasing arrangements with five providers are used for critical and substantial cases. About one third of the critical and substantial service users reside within one district of the county reflecting the uneven distribution across the county.
- 2.6 There are currently 5510 Older Person clients receiving domiciliary care services only approximately 260 (4.7%) of these are receiving telecare. Other Local Authorities measure deployment in the thousands. In particular, take up is very low, and has reduced in the last year, in respect of service users with critical and substantial needs.
- 2.7 There have been several attempts within Hampshire to improve take-up over the last 5 years. Drives have typically been based around funding for specific purposes, for example, large numbers of smoke detectors were installed on the basis of a grant received in 2008. However, none of these initiatives have significantly impacted on the take-up of telecare and service user awareness remains low.
- 2.8 Consultation was undertaken in early 2012 with a range of partners into the development of telecare in Hampshire and as part of the process a workshop was held with senior Adult Services managers to discuss delivery options and the preferred outcome was to appoint a contractor.
- 2.9 Following this work and an options appraisal of contracting options (Appendix A shows table of scoring) the decision was taken to develop a business case for the adoption of a Strategic Partner for the delivery of mainstreaming telecare in Hampshire (exempt Item 6). The conclusion of the business case is that the department proceeds to tender for a Strategic Partner.
- 2.10 Entering into a strategic partnership with a third party organisation is fundamentally different to procuring a principal or main contractor to deliver telecare services. Contracted services are often entered into on the basis of a transactional relationship whereas partnerships imply joint objectives and required outcomes, where aims, values, decisions and risks are shared.
- 2.11 As such the Strategic partner will be expected to shape and drive a cultural change programme both internally within the department and externally, help to specify and then manage service delivery to embed telecare across Hampshire and finally to be the primary contact for Hampshire County Council, simplifying the council's client management role. Key within this will be the requirement for the department and the partner to agree the strategic vision and plan for transition from the current state and design an end to end service delivery plan for telecare provision, the telecare pathway. It will be the partners responsibility to deliver this.

### 3. Financial Implications

- 3.1 The 2011/12 budget for telecare services for older people with critical and substantial needs was £111,840. This equates to a per service user unit cost of £408, including equipment, installation, monitoring and physical response. This figure is much lower than the average costs experienced in other councils, perhaps reflecting the deployment of basic telecare kits in preventive contexts in Hampshire. Detailed analysis of critical and substantial costs from provider spot contracts showed the average cost to be nearer to the national average figure of £768.
- 3.2 There is no additional funding for investment in telecare therefore the cost of the telecare contract will need to be found from savings within commissioning and operational budgets. These budgets would be reduced in-line with where the expected savings would be made from ending the current contracts and from reduction in domiciliary, residential and nursing care.
- 3.3 Section 5 of the Business Case provides a detailed financial analysis of the benefits of mainstreaming telecare along with associated costs. The work undertaken in developing the initial Outline Business Case (OBC), identified potential avoided costs from the mainstreaming of telecare (using their mid range 'likely' figures) to be £370,000 in year one potentially growing to £2m in year three. For this to happen telecare has to be deployed instead of, not in addition to, elements of the standard package of care.
- 3.4 Section 6 of the Business Case assesses the sensitivity of the figures produced in the OBC to variances in the reduction in domiciliary and residential costs and also the cost of providing telecare. The sensitivity analysis that has been undertaken demonstrates that for both the likely and best case scenarios using the OBC assumptions avoided costs would still be made at the likely and best case ranges if domiciliary care savings were 15% lower, residential savings 3% lower and telecare costs 20% higher. Using these variances the three year cumulative avoided costs are £931,158 at the likely range and £5,217,637 at the best case range.
- 3.5 However, the worst case scenario shows that the figures only have to vary by 5% on domiciliary care savings, 1% residential on savings and telecare costs to be between 5% and 10% higher for the costs to be higher than the savings. However these worst case figures are very conservative when compared to savings and cost avoidances that have been reported by other local authorities. As deployment costs and subsequent package changes will be carefully monitored early action could be taken to help avoid the risk of delivery being higher than the savings achieved.
- 3.6 The sensitivity analysis undertaken indicates that there is a reasonable degree of certainty that costs will be avoided though the introduction of telecare services in place of more expensive provision.
- 3.7 To develop a better understanding of the costs associated with the introduction of telecare into a care package it was decided that a breakeven analysis should be undertaken to identify what savings would be needed to make telecare viable.

3.8 Based on net costs of £10.90 per hour for domiciliary care and £278 a week for residential care the required reductions are summarised in the table below:

<b>Telecare package level</b>	<b>Telecare package annual cost</b>	<b>Required hours per week reduction in domiciliary care</b>	<b>Required delay in admission to residential care</b>
Basic	£252	27 mins	6 days
Standard	£830	1 hour 30 mins	21 days
High	£1,595	2 hours 50 mins	40 days

A detailed breakdown of the costs in the table above is provided in the Business Case (appendix 5 in exempt Item 6).

#### **4. Risk**

4.1 The business case (exempt Item 6) examines risk in detail. However, the broader principles of risk need to be considered within this report. The most significant risks associated with mainstreaming telecare are that we do not achieve the efficiencies required to justify expenditure and that the provision of telecare does not in fact benefit individuals. Financial risk is considered in section 3 of this report (3.5) and studies such as the WSD project and the report 'Assessment of the Development of Telecare in Scotland 2006 – 2010' clearly demonstrate enhanced benefits to individuals of planned large scale implementation of telecare services. In addition, case studies within Hampshire that have been gathered as part of the consultation for the OBC clearly support this conclusion.

4.2 Equally, there are significant risks associated with not implementing the proposed mainstreaming project. Given the demographic pressures we face, financial constraints that local authorities are working under, the demands of individuals for choice and the ability to access services that enable them to live independently for longer and severe pressures on the care workforce in delivering care services we are all required to seek more costs effective, flexible and innovative solutions. Telecare and associated assistive technologies are demonstrably able to contribute to this.

4.3 The decision to recommend that the department seeks to mainstream telecare and seek a Strategic Partner are steps to mitigate both forms of risk. Mainstreaming telecare is one element contributing to the Adult Services transformation and vision for social care in Hampshire. Engaging a partner will be a significant catalyst for cultural change internally as well as, in the longer term, ensuring that assistive technology is embedded in people's expectations of social care services. We will also seek to minimise risk by sharing financial risk through payment by result mechanisms, linking financial reward to

achievement of defined outcomes and agreed outputs, as outlined in the performance section of this report (section 7). To further mitigate risk we will require our partner to develop the private market, providing preventative and early intervention services to those who are not Adult Services clients and who choose to purchase services themselves. This will contribute significantly to the sustainability of the service and may bring financial benefits to the authority through reduced costs via increased volumes. Also, providing care services in new and innovative ways will mean we are able to reduce the pressure on the care workforce, which we know will struggle to meet demands into the future.

4.4 In choosing to pursue a large scale implementation of telecare across Hampshire we will increase the possibility of bringing additional benefits to both the county council and other stakeholders or partners. Studies elsewhere have demonstrated the benefits to health in the delivery of telecare services, such as hospital bed days saved (as outlined in section 7 of this report). Also, significant interest exists within the health sector in developing telehealth services and there will be opportunities to explore, with the Strategic Partner, joint working arrangements or delivery options for telehealth services. This will be included within the service specification for the project.

## **5. Income and Charging**

5.1 The current income from telecare equates to an average of £18.27 per month per user. Under the contribution policy it would not be possible to charge service users for telecare equipment but the weekly charges for the support and response service are allowable. However this proposal is made on the basis that there will not be any charge to critical and substantial service users. This proposal is made on the basis that the current charge for monitoring and response is a key factor in limiting the use of telecare currently and that the removal of this barrier will significantly streamline administration and delivery to individuals. The potential reduction from income to the department if charging were to be removed would be £57,000. Self-funders and those not eligible under Fair Access to Care Services (FACS) criteria would be required to pay for telecare services. However, working with the strategic partner we would expect savings through volumes of business to be passed on to private clients.

5.2 Within the agreed terms of the Contribution Policy there is scope for the Executive Member for Adult Social Care to review the policy annually and make amendments. It is recommended that the charge for telecare is removed through the Contribution Policy Review.

## **6. Legal Implications**

6.1 In order to engage a strategic partner the department will need to undertake a procurement process in line with OJEU regulations. A outline procurement timetable is provided below. The two options available for the tender are Open or Restricted, with an anticipated completion point of early May 2013.

Issue adverts	13 July 2012
Expressions of interest for PQQ process	17 July 2012
Establish list of tenderers	10 September 2012
Issue invitation to tender	20 September 2012
Evaluation	30 November 2012
Contract award	11 February 2013
Contract start date	1 May 2013

6.2 In exercising its functions an authority must have due regard to the need to: eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act and advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

## 7. Performance Implications

7.1 The development of a Strategic Partner would significantly enhance performance through mainstreaming telecare within Adult Services practice. The current arrangements of spot purchased services for FACS eligible individuals through care management and the provision of preventative services through contract arrangements have not been able to demonstrate performance improvements.

7.2 Both the business case and the OBC highlight that there will be performance implications through improved process management (referral, review, payment and collection of management information) and specific performance targets. Key points are:

- Appointing a strategic partner will mean we have a fully managed service, from communication and day to day working with Adult Services staff to delivery of service to clients
- The introduction of payment by results will ensure the department's financial liability is matched to the delivery of outcomes for individuals. In addition the strategic partner will be motivated to improve performance.
- The department will be able to move away from ad hoc delivery and collection of performance and management information from a collection of providers to a standardised single point performance management system.

7.3 Specific performance targets will be applied to capture achievement of expected outcomes as well as contracted outputs. Output measurements would include:

- Number of referrals
- Number of assessments undertaken
- Number of telecare packages delivered
- Number of reviews undertaken
- Average response time
- Number of staff trained
- Average time to assessment
- Average time to installation
- Minimum response time to an emergency

Outcome measures would include:

- Length of delay in admittance to residential care
- Reduction in implementation of more expensive forms of care
- Reduction in home check visits
- Reduction in waking night cover
- Reduction in night sleepover care

There may be additional benefits to other stakeholders, e.g. health, through:

- Hospital bed days saved due to reduction in delayed discharge
- Hospital bed days saved due to reduction in unplanned hospital admissions

In addition to these more robust outcome measures there are other quality of life outcomes measures that will be explored with the strategic partner.

## **8. HR/Training Implications**

8.1 There are no direct HR or training implications as a result of a change to the mainstreaming of telecare. However, where gaps in knowledge exist, requirements for greater levels of information or marketing internally to Adult Services staff, the strategic partner would be responsible for the delivery of this.

8.2 However, as we are aware, there is an increasing demand for care staff which will only increase as demographic pressures grow. The implementation of large scale telecare services will enable the department to begin to address these effects, alongside other measures.

## **9. Equality Impact Assessment**

<http://www3.hants.gov.uk/as-equality-ia-archive.htm>

- 9.1. The project to mainstream telecare in Hampshire is one that seeks to expand and improve the delivery of telecare and associated assistive technology services to all residents of the area. It will seek to replace the ad hoc and limited delivery of services with a fully managed service provided via a strategic partner to the authority.
- 9.2. The business case to the project details expected efficiencies to the department through avoidance of recourse to more expensive care provision, for example, avoidance of admittance to residential care. This would also benefit individuals who would be able to maintain independence for longer in their own homes. This project would extend the opportunity to receive telecare service to significant numbers of the Hampshire population, either through care management or via self funded care. It may be that there are individuals or groups who have traditionally resisted the use of assistive technology. It will be the role of the provider to ensure technological solutions are culturally sensitive and develop a personalised response to service delivery.

## **10. Outline of Options**

- 10.1 A full options appraisal has been carried out and is detailed in section 6 of the Business Case (exempt Item 6) and a copy of the finalised table is included as Appendix A. The findings of the option appraisal are that the department should seek a strategic partner to engage for the mainstreaming of telecare.

## **11. Future direction**

- 11.1 Following DMT approval of the Mainstreaming Telecare in Hampshire business case the department will be required to undertake a full tender exercise to engage a strategic partner. The need to procure has been brought to the attention of the procurement board. In anticipation of this a Prior Information Notice (PIN) was issued in March 2012. The PIN does not issue notice of a tender opportunity but provides information of a possible intension, alerting the market to future possibilities.
- 11.2 Should the recommendation to go out to tender be agreed the department would anticipate this starting in June. The two options available for the tender are Open or Restricted, with an anticipated completion point of early May 2013.
- 11.3 In order to provide continuity for the existing prevention contract clients and existing FACS eligible clients we would seek to extend the current contracts. The extension period is already permissible within the existing contract arrangements. This would cover the period needed for the tender for the Strategic Partner and a short cross over period to ensure continuity.

## **12. Conclusion**

- 12.1 The business case attached as exempt Item 6 outlines the case for appointing a strategic partner in order to increase the usage of telecare services and associated assistive technology through mainstreaming telecare within Hampshire.
- 12.2 The business case demonstrates that savings and efficiencies for the authority can be achieved through a reduction in the use of more expensive care provision, in particular, avoidance of admittance to residential care and a reduction in domiciliary care usage. It also demonstrates that in order to achieve these efficiencies and savings the department will need to move from the limited and ad hoc arrangements that we currently employ to a more embedded strategic approach to telecare and assistive technology provision.
- 12.3 Mainstreaming telecare within Hampshire represents one strand of the work of transforming services within the county and developing the Adult Services vision for adult social care. Delivering telecare services and associated assistive technology will allow us to deliver bespoke solutions for individuals that are able to ensure people are able to live safely, have their individual needs met unobtrusively and in ways that suit them, provide reassurance to carers and other family members and provide a lifeline to help and assistance, 24 hours a day, should that be needed. Telecare services are, therefore, one strand in a comprehensive approach to transforming adult social care in Hampshire.

## **13. Recommendations**

- 13.1 It is recommended that the Executive Member for Adult Social Care give approval to go out to tender to appoint a Strategic Partner to provide a fully managed service. The period of the contract to be 3 years with an option for a further 2 years (on a 1+1 basis) and at a contract value of up to £10,722,697.
- 13.2 It is recommended for the Executive Member for Adult Social Care to give consideration to remove the charge for telecare through the Contribution Policy Review.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. The project to mainstream telecare in Hampshire is one that seeks to expand and improve the delivery of telecare and associated assistive technology services to all residents of the area. It will seek to replace the ad hoc and limited delivery of services with a fully managed service provided via a strategic partner to the authority.
- 1.2. The business case to the project details expected efficiencies to the department through avoidance of recourse to more expensive care provision, for example, avoidance of admittance to residential care. This would also benefit individuals who would be able to maintain independence for longer in their own homes. This project would extend the opportunity to receive telecare service to significant numbers of the Hampshire population, either through care management or via self funded care. It may be that there are individuals or groups who have traditionally resisted the use of assistive technology. It will be the role of the provider to ensure technological solutions are culturally sensitive and develop a personalised response to service delivery.

### **2. Impact on Crime and Disorder:**

- 2.1. There are no identified direct impacts on crime and disorder.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

The proposal to mainstream telecare in Hampshire may reduce the number of domiciliary care visits, therefore, reducing travel.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The delivery of telecare services are minimal impact services. Technological development will mean more efficient equipment and better services for individuals. The further development of low power equipment and more efficient battery cells should aid in this.