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<b>Report title:</b> Procurement of a new care technology service for adult social care	
<b>Report to:</b> Cabinet	
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<b>Date:</b> 22 October 2019	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of Report

- 1.1 There is an increasing range of technology available which can support people to live independent lives and improve outcomes. The Council has commissioned several initiatives to test the impact and better understand these opportunities
- 1.2 It is clear the potential for transformation is vast. This paper asks Cabinet to agree to procure a new county-wide service to deploy care technology. This is a first for Essex.

## 2. Recommendations

- 2.1 Agree to invite tenders for a framework agreement to deliver an end-to-end care technology service, including a monitoring and response service component.
- 2.2 That the framework agreement be awarded for 4 years with the call-off contracts being awarded for an initial 3 years with the option to extend for up to a maximum of a further four years, on a 2 + 2 basis at the sole discretion of the Authority.
- 2.3 Agree that the procurement be undertaken via an open tendering procedure complying with the Public Contracts Regulations 2015 using evaluation criteria as set out in paragraph 6.10 of the report.
- 2.4 Authorise the Executive Director for Adult Social Care to award the framework contracts and call-off contracts following the completion of the procurement process.
- 2.5 Agree that the contract will be funded from the adult social care budget through cost avoidance and benefits realisation (see section 8)

### 3. Context

3.1 Our vision in adult social care in Essex is for every adult to be able to live as independently as possible and to enjoy a good and meaningful life. Modern technology can play a crucial role in enabling people to enjoy independence and good lives even as their needs increase. This Cabinet decision aims to invest in care technology to support independent living.

3.2 Care technology is a broad term that includes assistive technology, telecare and other types of technology connected to promoting health, wellbeing and independence. For our purposes we are focusing on technology as an enabler to independence and independent living, in order to maximise outcomes and reduce demand for care.

3.3 Examples of the types of technology the service may provide include:

**Telecare** – devices in the home which monitor the resident’s safety and well-being including:

- personal sensors: bed and chair occupancy sensors, passive infra-red movement sensors, enuresis sensors, epilepsy sensors
- alarms increasingly in wearable devices (replacing old style analogue pendants)
- devices to control access to the home (door entry devices)
- other environmental sensors to promote a safe environment such as door sensors and temperature detectors

**Assistive Technology** – a wide range of other technologies that allow people with impaired mobility, with disabilities (physical or learning), and sensory impairments to live as independently as possible on a day to day basis. This might include:

- technology to help with activities such as switching on lights, controlling the temperature in the home, cooking and preparing meals, medication and appointment reminders, and technology to support social activities and interaction.
- Consumer technology such as smart home hubs (e.g. Hive) and voice activated virtual personal assistants (e.g. Alexa, Google Home) may be offered to eligible people where there are demonstrable benefits. Wearables may also be part of this offer.
- Whilst there are many generic devices available, there are also increasingly technologies targeted at people with particular conditions such as dementia or long-term health conditions which might form part of the service where they are supporting prevention, independence or a social care need.
- Communication devices to support people who have communication difficulties

**Remote monitoring and virtual solutions** - for social interaction and to connect with professionals virtually (e.g. video / virtual calls for social purposes and with other ECC-commissioned services through tablets or screens).

**Apps for mobile devices** that promote independence, health and well-being may also be provided by the service to target particular needs.

The technologies above are increasingly connected and integrated to each other and to dashboards to support remote monitoring. There is an opportunity proactively to use data generated from care technology to support independence and improve outcomes, provided we do this in a way which complies with the GDPR.

#### 3.4 The key benefits of care technology are:

- Increased independence both at home and in the community
- Increased confidence in living safely at home for the user and their loved ones
- Connectivity to social networks and local communities
- Reduced demand on more costly care packages
- Greater choice and control of care and improved quality of life
- Significant improvement to health and wellbeing of care givers
- Prevention to promote healthy living and prevent, reduce or delay the escalation of need
- NHS benefits; e.g. a reduction in ambulance call outs; improved flow around hospital discharge. These are all areas for further exploration and development in Essex

## 4. Background and proposal

4.1 In recent years, ECC has invested in some in-house expertise to support the take-up and use of assistive technology by social workers and service users. This has operated alongside the local provision of longer established 'Care Line' services by third-party providers. As part of this, ECC has subsidised the use of Care Lines by paying for the initial equipment and the first 12 weeks of service post installation.

4.2 In 2018 ECC commissioned an external review into the current subsidy model and to better understand how Essex was using care technology. Using the insight gleaned from these diagnostics, we mobilised a pathfinder service in South Essex which commenced in August 2018.

4.3 Key benefits and learning realised from this pilot are:

- Increasing number of citizens using technology to meet eligible need. The service is receiving over 28 new referrals per week, exceeding the target of 25
- Citizens who have or are using care technology have reported a high level of satisfaction with the service
- The model is currently outperforming the agreed target with a gross financial benefit of £758,000 realised to the end of June 2019, £229,000 ahead of the target. Much of this benefit is cost avoidance rather than cash reduction to existing packages.

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- Raising awareness of the role and potential benefits of care technology to individuals, families and the wider workforce is imperative to enabling people to use and benefit from technology in daily living.

4.4 There is a need to pursue a new approach because the existing Care Lines service will be affected by the proposed switch-off of the public switched telephone network (PSTN) in 2025 and because our review has indicated we are not currently maximising the potential of technology to support people to live independently.

4.5 To further understand the growing opportunities in using care technology to enable independence and promote health and wellbeing, ECC commissioned the Society of Council IT Managers (SOCITM) in spring 2019 to survey future market and technology trends in this sector and to review the local authority landscape across England. This is a background paper to this report.

## 5. Proposed Future Model

5.1 We are seeking to commission a provider, or collaboration of providers, who will supply an end-to-end pathway that includes:

- An assessable platform to inform citizens of the benefits of care technology, and a clear pathway to access the service
- A care technology system where the provider/s:
  - Operate a system for social workers to make referrals to the provider to undertake a care technology assessment
  - Identify and purchase care technology equipment
  - Deliver, install and maintain care technology equipment, including support for users and families (care equipment will become the property of ECC once deployed)
  - Collect and decommission care technology equipment no longer required, and store and re-use equipment for future redeployment.
  - Provide a monitoring, pick-up and response service where the service user or the care technology indicates that this is necessary
- Tracking and realisation of financial and non-financial benefits
- Programme of culture change, engagement and training to all referrer groups
- Continuous innovation and service development, agreed in partnership with ECC
- Provision of a service where those not eligible for ECC assistance may purchase services at commercial prices (see 5.3 below)

5.2 The services will be available to adult citizens (18+) of the ECC area who are assessed as eligible for support under the Care Act 2014, and who are assessed as people whose needs can be met with the provision of care technology.

5.3 The contract will be based on a fixed price for some components such as training, awareness raising and developing the accessible platform and

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innovation. Other components will be paid based on volume such as the assessment, installation, maintenance and decommissioning requirements and will be reviewed as part of assurance and contract management processes. It is proposed that the monitoring and response service will be paid by ECC but will be recharged by ECC to service users in line with current ECC charging policy. ECC, not the provider, will be responsible for administering recharges.

- 5.4 The private pay element of this contract will be developed in partnership with the successful bidder(s). ECC will not be directly delivering or charging for this service but will likely be sign-posting those not eligible for the ECC care technology into a self-funded offer. It is envisaged that ECC would receive a financial benefit from the provider for help in accessing this market; the detailed commercial and operational mechanisms will be developed with the successful bidder and with advice from legal and commercial colleagues. We are aware that other local authorities already operate a similar model e.g. Hampshire.
- 5.5 The service provider will be responsible for working in an embedded way with adult social care teams in each quadrant to deliver the end-to-end pathway set out above.
- 5.6 Establishing a new service to reposition how care technology is used and deployed across Essex will contribute to following 4 strategic aims as set out in ECC's strategic plan:
  - Enable inclusive economic growth
  - Help people get the best start and to age well
  - Help to create great places to grow up, live and work
  - Transform the council to achieve more for less
- 5.7 In contributing to ECC strategic objectives, the new service will also support Adult Social Care to achieve the shift from long-term care and support to early intervention and prevention.

## 6. Commissioning and procurement approach

- 6.1 It is proposed that a competitive procurement will be undertaken under the open procedure set out in the Public Contract Regulations 2015 to establish a framework consisting of 2 lots, for a period of 4 years, (which is the maximum length of a framework agreement under these regulations). The rationale for the initial 3-year call-off is to give us time to engage with additional partners (such as NHS partners) during this period with a view to jointly contracting with them by conducting another call-off. However, this can only be done within the framework period. The extensions give us the flexibility to compliantly extend the initial call-off as there is no requirement for call-offs to co-terminate with framework agreements.
- 6.2 Although we are likely to award longer-term contracts under the framework, use of a framework gives more flexibility to award additional services if additional commissioners - such as NHS partners - wish to buy services or if we wish to buy new services to reflect changes in technology or if we want to experiment

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on new provision. We are continuing to engage with NHS partners and Southend and Thurrock Unitary Authorities about the potential for collaboration.

6.3 Lot 1 will consist of a countywide approach for;

- Assessment of service users' care technology needs;
- Purchase of equipment to meet the service user's needs;
- Installation, maintenance, review, decommissioning and recycling of equipment;
- Innovation and ability to conduct test-and-learns with new and existing technology
- Awareness-raising for the service and the potential of care technology; culture change and training for all referrers

It is intended that the contractual relationship will be between ECC and one supplier. If consortia wish to bid they will need to be structured to meet this requirement.

6.4 Lot 2 will consist of a quadrant approach to;

- Monitoring
- Response / pick-up service

The quadrants in which lot 2 will operate will be as follows:

- North Essex (Colchester and Tendring)
- West Essex (Uttlesford, Harlow, Epping Forest)
- Mid Essex (Braintree, Chelmsford, Maldon)
- South Essex (Basildon, Brentwood, Castle Point, Rochford)

It is intended that the contractual relationship will be between ECC and up to four (4) suppliers i.e. one (1) per quadrant. Consortia will need to be structured to meet this requirement. Suppliers will be able to bid for more than one quadrant. It should be noted that these services will be attractive to current providers of care line services and in some districts the dominant provider is the district, city or borough council, meaning that districts may wish to form consortia for their quadrant. It is equally possible that new providers will enter the market.

6.5 The commissioning approach proposed is to ensure consistency of service across Essex, management efficiency and a timely monitoring and response offer in a locality. We will also continue to engage NHS partners and have ensured the commissioning approach allows for partners to call-off the framework as agreed.

6.6 The services have been split into the above lots following research and consultation with the market to maximise competition for this contract. This indicated that there are a small number of suppliers in the market that can deliver the complete service requirements; it is more likely that we will receive bids from newly established consortia as the market is expanding.

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- 6.7 Through our market engagement activity we have encouraged our current Essex based care line suppliers to participate and promoted collaborations across the market. Splitting these services into separate lots (and on a quadrant basis for lot 2) will increase the opportunity for the Essex-based care line suppliers to participate in the procurement and allow us to benefit from their local knowledge which will increase competition.
- 6.8 The establishment of the framework and the call-offs will be completed as part of one tender process. Bidders will be allowed to submit bids for both lots or a single lot, and for multiple quadrants in lot two.
- 6.9 The indicative high-level timescales for the procurement and mobilisation are:

Activity	Timescale
Tender release date	05/11/2019
Contract award	16/03/2020
Mobilisation	09/04/2020-30/06/2020
Contract Commencement	01/07/2020

- 6.10 It is proposed that contracts will be awarded on the basis of a 60:40 price:quality weighting for Lot 1. Care technology is a relatively new area of spend for local government in the way Essex defines it. Of the services described above there are only a few suppliers that can deliver a contract of this size but this market is expanding. In addition, this innovation is crucial to the delivery of the contract and setting this ratio will maximise competition, with a focus on quality to deliver this innovation and deliver savings.

A 70:30 price:quality weighting is proposed for Lot 2 because there is an established market for these services with many national, regional and local suppliers. We require a standard product for which there is reasonable competition.

## 7.0 Options

- 7.1 Through extensive engagement with key stakeholders, several procurement options were considered including:
- 7.2 **Option 1:(Recommended option)** Undertake a competitive tender process for end-to-end service as most likely to achieve service aims and benefits realisation over the longer term.

Benefits	Risks
<ul style="list-style-type: none"><li>• Providers with a proven track record and specialist expertise</li><li>• Ability to test track record and commercials through open process</li><li>• Benefit from scale and sector /</li></ul>	<ul style="list-style-type: none"><li>• Lack of flexibility for service development and partnerships</li><li>• Cost and time of process</li><li>• Potential impact on current providers if not successful</li><li>• Agreement of mutually beneficial</li></ul>

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tech knowledge from provider focused solely on Care Tech <ul style="list-style-type: none"><li>• Transparency of process with other partners</li><li>• Fit with ECC strategy</li></ul>	commercial terms Mitigation: strong commissioning / commercial input building on experiences of other LAs
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- 7.3 **Option 2:** Do nothing different and carry on with an ad hoc incremental approach in house and with external support for specific projects. This approach is not recommended as it would not achieve the scale benefits of a single countywide approach and achieve the aim of a wider culture shift towards technology.
- 7.4 **Option 3:** Build an in-house service – not recommended due to timescales and capability gaps
- 7.5 **Option 4:** Direct award to ECL – not recommended due to lack of competition
- 7.6 In addition to the options laid out above, we have been working closely with the commissioners of the ASC equipment service to better understand the alignment between the two services, of which the equipment service is currently provided by ECL. At this stage the current care technology needs to mature further but we are seeking to align contract timescales so that we could consider commissioning the care technology and equipment services as a single service in the future.

## 8. Financial implications

- 8.1 The current budget for 2019/20 within Health & Adult Social Care (H&ASC) portfolio for the existing carelines provision is £789,350 and will be available to contribute to the cost of the proposed contract. The cost of the pathfinder project has been funded by one-off resources from the Adult Social Care digital reserve.
- 8.2 The estimated contract cost for the two lots is expected to be £8.4m for the initial 3-year contract period with an anticipated cost over the full 7 years estimated to be £28.6m. It is proposed that the investment required for this new contract will come from the existing budget available for carelines (£2.3m over 3 years) and the remainder from Care & Support Budgets within H&ASC as this is where savings are expected to be generated.
- 8.3 The contract cost has been based on an increasing number of installations over the life of the contract and therefore results in increasing costs over the 7-year period. Year 1 has a lower level of anticipated installations as it is assumed the service will ramp up during the first year. An annual increase in costs to reflect the anticipated increase in the National Living Wage has also been included, although this does not consider the recent pledge to increase National Living Wage. The initial 3-year cost of £8.4m includes a relatively low level of uninstalls (for which there is a cost) as it has been assumed that Older People

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(the main cohort) will have care technology in place for 2 years. Therefore, when we reach the start of year 3 there is an increase in the uninstalls (and increase in costs) as by then all of the 2000+ installs from year 1 will drop out and a similar uninstall rate is then maintained year on year. For Working Age Adults, it has been assumed that the care technology will be in place for the entirety of the contract except for an annual uninstall rate and this will result in an increasing number of installs per annum and therefore an increasing cost each year. This explains why the expected costs increase from £8.4m for first 3 years to £28.6m for the full 7 years.

- 8.4 The pathfinder has demonstrated that financial savings are achievable. Much of this benefit is cost avoidance rather than cash reduction to existing packages. Through this new contract it is estimated that additional savings of £11.8m would be achievable over 3 years which will pay for the investment required. These savings have been assumed as part of the H&ASC Business plan and included within the 2020/21 to 2023/24 Medium Term Resource Strategy (MTRS). It should be noted that these savings will be achieved while improving the lives of residents.
- 8.5 The Care Act does not allow the Council to charge for the cost of community equipment put in place up to £1,000 but there is opportunity to recover the costs of any monitoring/response service put in place. It is estimated that there could be £400,000 over 3 years towards costs through charging although this will depend on the financial assessment of individual service users and their ability to pay. A new charge will need to be added to the fees & charges schedule agreed as part of the 2020/21 budget once contract prices are known and internal processes put in place to enable recovery of income for this element of the service. In the rare cases where equipment costs may exceed £1,000 (e.g. complex adults with a learning disability) charging will be discretionary and based on an assessment of benefit realisation for the individual case.
- 8.6 The proposed contract includes provision for the successful bidder to offer a private pay offer to those not eligible for care act funding from the Council. Anyone who can afford to pay for their own care needs will be signposted to the private pay offer. Options for gain share /revenue generation will be explored with the successful bidder in line with the model in place in other Local Authorities e.g. Hampshire and has not been quantified at this stage.
- 8.7 In summary the contract cost and project benefits over the first 3 years of the contract are set out below. This shows that for each of the next three years the estimated cost of the contract can be met from within the Health & Adult Social Care budget through existing budget and anticipated savings and therefore no additional investment is required.

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Summary (To be reflected in the 2020/21 to 2023/24 MTRS) £m	2020/21 £m	2021/22 £m	2022/23 £m	Estimate over 3 year initial contract £m
Estimated Contract Cost	2.3	2.7	3.4	8.4
Income Opportunity	(0.1)	(0.1)	(0.2)	(0.4)
<b>Net Cost</b>	<b>2.2</b>	<b>2.6</b>	<b>3.2</b>	<b>8.0</b>
Existing Budget included in the 2020/21 to 2023/24 MTRS	0.7	0.8	0.8	2.3
<b>Net Cost to be funded by savings **</b>	<b>1.5</b>	<b>1.8</b>	<b>2.4</b>	<b>5.7</b>
Total Anticipated Savings	3.8	6.5	7.2	17.5
Savings arising from the Pilot already assumed in the budget baseline	(1.7)	(2.0)	(2.0)	(5.7)
<b>New Health &amp; Adult Social Care Savings to be included in the revised 2001/21 to 2023/24 MTRS *</b>	<b>2.1</b>	<b>4.5</b>	<b>5.2</b>	<b>11.8</b>
<b>Net Cost (within Health &amp; Adult Social Care )</b>	<b>0.6</b>	<b>2.7</b>	<b>2.8</b>	<b>6.1</b>
* These savings have been included in the ASC Business plan and the revised 2020/21 to 2023/24 MTRS				
** These cost will be reflected in the revised 2020/21 to 2023/24 MTRS				

8.8 The costs and assumed benefits of the contract (detailed in the table above in paragraph 8.7) have been modelled using a variety of data to determine expected volumes through the service including:

- Data and insight gathered through the Pathfinder pilot delivered in South Quadrant (Basildon, Brentwood, Castle Point and Rochford);
- Consideration of time to mobilise the new service;
- Demographic growth over the next three years
- An anticipated increase in take up of technology for people with learning disabilities and autism.

The benefit realisation model is largely predicated on cost avoidance; improving outcomes by meeting people's need using care technology, and in doing so enabling independence.

8.9 By awarding this contract there is a small impact on the existing equipment contract of £15,000 in relation to manual handling charge and £110,000 on the equipment purchase contract and the provider will be engaged in managing this risk downwards.

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- 8.10 The costs associated with both establishing the contract and its management will be met from within the existing staffing budgets from within Adult Social Care Commissioning, Finance and Procurement.
- 8.11 The contract will contain key performance indicators which will include savings delivered. Therefore, it is expected that contract monitoring during the course of the initial 3-year contract will identify if savings are not being delivered as anticipated. The proposed contract includes a break clause on the annual anniversary of commencement should the Council determine it necessary to terminate the contract.

### **9. Legal implications**

- 9.1 A framework agreement is where the Council sets up a contract where several suppliers are pre-approved for certain types of contract. The Council can buy quickly and flexibly from the suppliers appointed to the framework agreement. This is a flexible way to buy, particularly in fast changing markets, although we can only use the framework to buy from those suppliers in the market.
- 9.2 It should be noted that the proposal for ECC to charge service users for the services received will mean that ECC will have to pay the supplier and if end users do not pay, the costs will fall to ECC. This means that it is critical that ECC has proper systems in place for ensuring that there is a written contract in place which is sufficient to enforce payment should it be necessary.
- 9.3 The Council will also have to ensure that the response service operates in a safe way since it will in some cases rely on triggers of sensors rather than speaking to the individual. We need a safe system which minimises the number of false alarms.
- 9.4 A privacy impact assessment has been undertaken to secure compliance with the GDPR and that is attached as appendix 2.

### **10. Equality and Diversity implications**

- 10.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or

belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 10.3 The Equality Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **11. List of appendices**

11.1 Appendix One: Equality Impact Assessment

11.2 Appendix Two: Privacy Impact Assessment

## **12. List of Background papers**

12.1 SOCITM Report