

<b>COMMITTEE:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>13 March 2003</b>
<b>SUBJECT:</b>	<b>Eastbourne Lifeline Best Value Review</b>
<b>REPORT OF:</b>	<b>Janet Canny Head of Housing Management</b>
<b>Ward(s):</b>	All
<b>Purpose:</b>	To advise Cabinet of the work on the Lifeline Best Value Review Implementation Plan.
<b>Contact:</b>	Janet Canny, Head of Housing, Telephone 01323 415306 or internally on extension 5306
<b>Recommendations:</b>	<p>To agree the merger of Eastbourne Lifeline and Wealden Lifeline into one Lifeline call centre to both ensure a sustainable future for this valuable service and to enable it to assist in meeting the Borough and County wide strategic objectives.</p> <p>To agree the setting up of a Eastbourne/Wealden Project Management Board using PRINCE methodology to work on the logistical and legal aspects of a merger with the aim of the merger taking place by December 2003.</p> <p>The Project Management Board will report back to Cabinet prior to December 2003.</p>

<b>1.0</b>	<b><u>Background and Introduction</u></b>
1.1	As a result of the Eastbourne Lifeline Best Value Review in October 2002 Cabinet agreed in principle to the combining of Eastbourne Lifeline, Wealden Lifeline and First Point (Downland Housing Association Lifeline) into a `not for profit` joint venture as it acknowledged that an alternative means of investment was essential to ensure the future of Lifeline.

1.2	Cabinet also agreed an Implementation Plan, outlining further work needing to be done in respect of the feasibility in the setting up of a non-profit joint venture company.
1.3	<p>This reports seeks to update Members on:</p> <ul style="list-style-type: none"> <li>Ø The changed situation regarding Downland Housing Association</li> <li>Ø The work done on the Implementation Plan</li> </ul>
2.0	<p style="text-align: center;"><b><u>Downland Housing Association</u></b></p>
2.1	<p>In December 2002 Downland Housing Association informed Eastbourne and Wealden officers that it had made a corporate decision to merge with Broomleigh Housing Association to form Affinity Housing Association.</p> <p>In view of this merger a corporate decision had been made to review the corporate communication system including the viability of a call centre.</p> <p>They informed us they were in effect withdrawing from the project on assessing the viability of a joint venture company.</p>
2.2	<p>Eastbourne officers continue to have a good working relationship with Downland and are in fact making practical arrangements for Eastbourne Lifeline to be the First Point Disaster Recovery Centre. This will bring additional income to Eastbourne Lifeline.</p>
3.0	<p style="text-align: center;"><b><u>Opportunity for Merger of Eastbourne Lifeline and Wealden Lifeline</u></b></p>

3.1	Faced with this changed situation officers from Eastbourne and Wealden have continued to work on the Implementation Plan and assess the financial and operational viability of a merger between Eastbourne Lifeline and Wealden Lifeline with the possibility of full externalisation being considered in the future by the proposed Management/Executive Board.
3.2	In many respects the withdrawal of Downland simplifies the situation offering the opportunity for two local authority owned Lifeline centres the ability to set up a new Lifeline call centre under the ownership of the two local authorities accountable to an Executive Management Board.
3.3	<p>It was also considered that the advantages of a merged call centre would still offer:</p> <ul style="list-style-type: none"> <li>Ø Reduced overheads and economies of scale</li> <li>Ø Increased competitiveness through price reduction</li> <li>Ø Increased potential for investment</li> <li>Ø Potential to improve the range of services</li> <li>Ø Maintain and protect locally based service</li> <li>Ø Increase the potential for Lifeline to contribute to EBC and the wider community strategic objectives.</li> </ul>
3.4	The merged organisation would be jointly owned by Eastbourne Borough Council and Wealden District Council. The Executive Management Board would be responsible for the Business Plan and Service Development ensuring strategic objectives are met. The Executive would report to respective Cabinets.
3.5	A User Group would include key partners (e.g. Social Services, Health, corporate customers, and individual Lifeline customers).
3.6	<p>Development on the structure and role of the Executive Board would be the responsibility of the proposed Project Management Board.</p> <p>The suggested model is attached – See <a href="#">Appendix 1</a></p>

4.0	<b><u>Working in Partnership to Meet Strategic Objectives</u></b>
4.1	<p>A merged Lifeline organisation would assist EBC and key partners to meet their strategic and corporate objectives; in particular:</p> <ul style="list-style-type: none"> <li>Ø Community Safety Strategy</li> <li>Ø Community Plan</li> <li>Ø Health Improvement Programme</li> <li>Ø Intermediate Care Strategy (bed blocking)</li> <li>Ø Extra Care Strategy</li> <li>Ø Telecare (maintaining independence in the community)</li> <li>Ø Supporting People</li> <li>Ø Housing Strategy</li> <li>Ø National Service Framework for Older People</li> </ul> <p>A merged Eastbourne and Wealden Lifeline call centre would be the only Lifeline call centre in East Sussex and therefore an obvious partner for Social Services and Health.</p>

5.0	<b><u>Human Resources</u></b>
5.1	<p>The combining of Lifeline operations would ensure efficient use of staff and represent best value. It is not considered necessary to increase total staffing as both Wealden and Eastbourne Lifeline officers acknowledge there is spare capacity in the working day. However it is considered important to have a Senior Lifeline Officer on duty on all daytime shifts 7 days a week in order to offer consistent support and management to staff.</p>
5.2	<p>The majority of Wealden Lifeline staff are on temporary contracts while Eastbourne Lifeline staff are on permanent contracts. It is envisaged that natural wastage would avoid the need for redundancies.</p>
5.3	<p>Wealden and Eastbourne Lifeline staff salaries are very similar hence differentials in salaries would be minor and could be streamlined relatively easily over a period of time. The Project Management Board would undertake appropriate work on employment issues.</p>
5.4	<p>A potential merger would enable an overall saving in salary costs to both organisations.</p>
6.0	<b><u>Financial Implications and the Business Plan</u></b>
6.1	<p>Financial information indicates that the merged organisation would be self-funding and, with planned income reducing through price reduction and price convergence over a 5 year period, the merged Lifeline would offer better value for money to customers. The organisation is viable and would realise significant income without the need to call on the Council for investment. Such financial information is contained within confidential appendices 2, 3, 4 and 5.</p>
6.2	<p>The current charge to EBC Retirement Housing customers is significantly higher than the charge to Wealden sheltered housing tenants. This is addressed in the financial plans attached.</p>

6.3	Estimated start Up costs are shown in the financial plan attached and can be considered further by the Project Management Board.
6.4	Out of Hours monitoring charges to the various internal EBC customers would reduce slightly. The current charges reflect the real cost of out of hours work.
6.5	The ongoing implications of the Supporting People regime will need to be included in the final financial forecast by the Project Management Team.
6.6	<p>The attached financial plans show:</p> <ul style="list-style-type: none"> <li>Ø 5 Year Forecast Summary including a detailed budget - <a href="#">Appendix 2 page 1</a></li> <li>Ø Cumulative Surplus over 5 years and Start Up Costs - <a href="#">Appendix 2 page 2</a></li> <li>Ø Income Forecast Summary showing current charges and price reduction over 5 year period - <a href="#">Appendix 3</a></li> <li>Ø Joint Salary Costs including shift, other costs and staff structure – <a href="#">Appendix 4</a></li> <li>Ø Example of New Business Areas and business growth – e.g. Telecare and Lone Working Monitoring – <a href="#">Appendix 5</a></li> </ul>
6.7	<p><b><u>Central Support Costs</u></b></p> <p>The amount of reduction in the Corporate Support costs is not known at this time. It is likely that the merged organisation would use Wealden / Eastbourne central support services for services such payroll.</p>
6.8	<p><b><u>Trading Powers</u></b></p> <p>A merged Lifeline organisation would at present still face trading restrictions. However the Office of the Deputy Prime Minister continue to review the Goods and Services Act 1970. As can be seen from the business plan the merged organisation is financially viable in spite of these trading restrictions.</p>

<b>7.0</b>	<b><u>Effective use of Technology</u></b>
7.1	The combining of the organisations would represent the cost-effective use of technology offering the ability to be able to pool existing technical resources.
7.2	Since last reporting Wealden Lifeline have purchased (2 station) Tunstall PNC3 Vision (same as Eastbourne) as their call centre equipment was obsolete. Hence Eastbourne and Wealden's call centre equipment is now compatible.
7.3	The existing (4 station) Eastbourne equipment will be 5 years old in July 2003. At present the budget does not account for depreciation. (The Joint Venture/Merger budgets for replacement costs).
7.4	Eastbourne Lifeline Voice Recording equipment needed to be replaced at a cost of £8000 in February 2003.
7.5	The Uninterrupted Power Supply (UPS) is being recommended for replacement at a cost as part of growth bids 2003/4.
7.6	The PCs are old and will need replacing with the next 1 / 2 years.
7.7	All the above costs are budgeted for in the Joint Financial Plan.
7.8	The merging of Eastbourne and Wealden Lifeline would offer considerable savings in the purchasing and upgrading of technology to both organisations.
<b>8.0</b>	<b><u>Accommodation and Location</u></b>

8.1	<p>Officers have gained useful advice and information from Eastbourne's Estate Manager. This has taken the following issues into account:</p> <p><b><u>Principle requirements</u></b></p> <ul style="list-style-type: none"> <li>Ø Secure office accommodation where threat can be minimised</li> <li>Ø Easy access must be available in connection with DDA</li> <li>Ø The facility must be available 24 hours per day</li> <li>Ø 1000 sq. ft of premises to provide up to 6 workstations, a control room, meeting room and kitchen facilities.</li> <li>Ø Parking and good public transport are essential</li> <li>Ø Leasehold property</li> </ul>
8.2	<p>While further detailed information on rent, rates and service charge levels is available it is suggested that the Project Management Board discuss the detail of location and accommodation.</p>
9.0	<p><b><u>Legal Issues</u></b></p>
9.1	<p>Officers are awaiting legal advice, however we have advised that a merger of Eastbourne Lifeline and Wealden Lifeline would be considerably more straightforward than an externalised not for profit company which included the combination of local authorities and a housing association.</p>
10.0	<p><b><u>The Role of The Project Management Board</u></b></p>



10.1	<p>It is suggested that the Project Management Board is made up of Wealden and Eastbourne Cabinet Members and Senior Officers from both Authorities. Furthermore, that it has responsibility and decision making power for the following issues:</p> <ul style="list-style-type: none"> <li>Ø Location</li> <li>Ø Legal</li> <li>Ø Human Resources issues</li> <li>Ø Board of Management</li> <li>Ø User Group</li> <li>Ø Financial matters</li> <li>Ø Practicalities of bringing the two services together</li> </ul>
10.2	<p>Estimated start up costs have been identified in the business plan and these would be shared by the two organisations.</p>
<b>11.0</b>	<p><b><u>Wealden District Council</u></b></p>
11.1	<p>Wealden District Council have an in principle agreement to proceed to work on merger proposals with Eastbourne Borough Council.</p>
11.2	<p>Wealden Lifeline has recently undergone a Best Value Inspection where the proposal of a merged Lifeline service was met with considerable interest. Clearly the inspectors are interested to hear the outcome of Cabinet decision. Officers of EBC were involved in the inspection due to the parallel Best Value Review.</p>
<b>12.0</b>	<p><b><u>Consultation</u></b></p>
12.1	<p>There has been continual discussion and consultation with local and regional UNISON officers throughout the process. These consultations will continue through the life of the Project Management Board and merger.</p>

12.2	Staff have been kept regularly informed of progress via team meetings.
12.3	Colleagues in Health and Social Services are eager to be assisted to meet their strategic aims through telecare and tele-medicine.
<b>13.0</b>	<b><u>Summary</u></b>
13.1	<p>In summary the merged organisation could provide the following benefits:</p> <ul style="list-style-type: none"> <li>Ø Efficient use of staff</li> <li>Ø Cost effective use of technology</li> <li>Ø Potential for improving the range of existing services</li> <li>Ø Assists the parent organisations and significant partners in meeting strategic aim and objectives</li> <li>Ø Maintains EBC's influence over the Lifeline service</li> <li>Ø Reduces charges to customers</li> <li>Ø Offers significant saving to the HRA</li> <li>Ø Potential customer gains through joint working and diversity</li> <li>Ø Guarantees financial security and sustainability of Eastbourne Lifeline</li> </ul>
<b>Janet Canny</b>	
<b>Head of Housing Management</b>	
<b>Background Papers:</b>	
The Background Papers used in compiling this report were as follows:	
<b>Scrutiny Committee Report 12 December 2001</b>	
Cabinet Report 2 October 2002	

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