
Meeting: Social Care Health and Housing Overview & Scrutiny Committee

Date: 24 January 2011

Subject: Statutory Review of Fees and Charges and Revenue Income Optimisation Business Cases

Report of: Councillor Cllr Maurice Jones - Portfolio Holder for Finance, Governance and People

Summary: The report asks the Social Care Health and Housing Overview & Scrutiny Committee to consider the business cases resulting from the Revenue Income Optimisation Project.

Advising Officer: Julie Ogley, Director of Social Care Health and Housing

Contact Officer: Matt Bowmer, Assistant Director Financial Services

Public/Exempt: Public

Wards Affected: All

Function of: Executive

CORPORATE IMPLICATIONS: as set out in the 11 January 2011 Executive report.

RECOMMENDATION(S):

- 1. That the Overview and Scrutiny Committee consider the business case from the Revenue Income Optimisation Project set out at Appendix B and comment as necessary on the schedule of Fees and Charges for 2011/12.**

Reason for recommendation: *To provide the Social Care Health and Housing Overview & Scrutiny Committee with an opportunity to inform the decision to be taken by the Executive and to provide any comments as necessary.*

1. As Members will be aware, at its meeting of 11 January 2011, the Executive considered the report of its Portfolio Holder for Finance, Governance & People regarding the statutory review of fees and charges. The report set out proposed revised fees and charges rates to be effective from 1 April 2011. The report also noted that new or enhanced charges as a result of the Revenue Income Optimisation 'Case for Change' report may be recommended following consideration through the Overview and Scrutiny Process.

2. In addition to considering the Executive report the Social Care Health and Housing Overview & Scrutiny Committee is asked to consider the relevant business cases from the Revenue Income Optimisation Project (**appendix A**) and comment as necessary.

Conclusions and Next Steps

3. The Social Care Health and Housing Overview & Scrutiny Committee are asked to provide recommendations to be considered by the Executive alongside the budget report on 8 February 2011. Whilst the full Executive report on fees and charges for 2011/12 has been attached the Committee is asked to comment just on those areas for which the Committee is responsible. A consolidated report will be prepared of Overview and Scrutiny Committee's recommendations and submitted to the Executive meeting on 8 February 2011.

Appendices:

Appendix A – Revenue Income Optimisation Business Cases relevant to the Social Care Health and Housing Directorate

Background Papers: (open to public inspection)

Location of papers: Priory House, Chicksands

Telecare Business Case

RIO Project Recommendation

This business case proposes three areas for development:

Review the charges for Monitoring Services

- Introduction of a charge to the users of Telecare of the equivalent of at least £3.50 per week.
- Bring the charge for the Careline pendant alarm monitoring into line with other Local Authorities. This is currently £2.50 and other authorities tend to be in the range of £3.50-£4.00.

Consider charges for providing and installing Telecare equipment

- Some authorities charge for the installation of Telecare equipment

Develop a sustainable business model for Telecare

- Where Telecare is provided in the absence of a community needs assessment then the principle should be to ensure that overall the costs of provision of equipment, installation and monitoring is covered by charges on a 'cost recovery' basis.

Projected additional income

	2011/12	2012/13	2013/14	Total
	Year 1	Year 2	Year 3	
Gross projected income (£)	£245,977	£245,977	£245,977	£737,932
Investment costs (£)	0	0	0	0
Net projected income (£)	£245,977	£245,977	£245,977	£737,932

Social Care, Health and Housing Response to Recommendations

Review the charges for Monitoring Services

- Telecare is currently free. To deliver the income estimated in the business case the charge would need to be £4.29 per week. This is based on a data about the range of charges in other authorities rather than a cost recovery model. Although the business case takes into account the fact that many of those receiving community care would be able to claim the charge as Disability Related Expenditure (resulting on no net increase in income to the council) it does not allow for any reduction in take up of the service as a result of introducing charges. It

is felt that introduction of a charge in the £3.50-£4.00 range would result in fewer people declining the service.

- The Careline pendant alarm monitoring cost is currently £2.50 per week. The business case proposes an increase to £4.00 per week but this would represent a very significant increase. It is also felt that it is reasonable that the cost for Careline should be less than that for Telecare (as the system is much simpler). It is therefore felt reasonable that the increase for Careline should place it around 50p per week less than Telecare indicating a range of £3.00 to £3.50 per week.

If the charges were set at the more modest levels set out above then it would result in a lower income of approximately £192k per annum (Scenario 1 in the business case).

Consider charges for providing and installing Telecare equipment

- In the exploration of the cost recovery model (see below) this area will be explored. The business case assumes that not all customers will pay for installation so this aspect only contributes less than 1% of the annual income.

Develop a sustainable business model for Telecare

- It is felt that the best way to deliver Telecare in a way that is financially sustainable is on a transparent cost recovery basis. By this we mean that overall aim is that the Telecare 'business' covers all of its costs through charges, and that these costs and charges are available for public scrutiny. Such a model would not preclude differential pricing although there are significant advantages in having a very simple pricing structure.
- It should be noted that cost to the authority of the purchase of Telecare equipment is considered as a fixed cost in the business case. It is important that in developing the business model that these costs are taken into account as they are not in fact fixed. Also (as the take up of Telecare increases) there will be increasing opportunities to reuse existing equipment when it is no longer required by the customer, thus reducing costs.
- It should also be noted that whilst the council leads in the provision of Telecare there are no significant barriers to other organisations (private or voluntary) entering this market and competing with us on a commercial basis (indeed there may be good reasons for encouraging this).

In summary, the view of the directorate is that there is a significant opportunity here but that the charge rates for Careline and Telecare should be based on a robust cost recovery model rather than one that is simply benchmarked against other local authorities. Until this work is completed it is not possible to give an accurate estimate of the additional income but the £192k per annum figure that is identified in Scenario 1 of the business case is considered to be a more realistic estimate than the £246k which is based on Scenario 2.