
Meeting: Social Care Health and Housing Overview & Scrutiny Committee
Date: 12 December 2011
Subject: Review of Fairer Charging: Phase 2 Telecare Charging
Report of: Councillor Carole Hegley, Portfolio Holder for Social Care, Health and Housing
Summary: This report concerns the proposals to introduce a charge for Telecare Services provided by the Council.

Advising Officer(s): Julie Ogley, Director Social Care, Health and Housing
Contact Officer: Tim Hoyle, Head of Business Systems
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

The development of Telecare services is part of the council's priority to support and care for an ageing population.

Financial:

1. The introduction of charging for Telecare, it is estimated, would deliver an additional £192,000 of gross income to the council in a full year and was included in the 2011/12 efficiency proposals.

Legal:

2. No implications

Risk Management:

3. No implications

Staffing (including Trades Unions):

4. No implications.

Equalities/Human Rights:

5. The Equality Impact Assessment prepared during the development of these recommendations identified that these proposals will impact adversely on older and disabled people, particularly those on low incomes.
6. Proposals are set out in the body of the report that will go some way to mitigating these adverse impacts.

Community Safety:

7. No implications

Sustainability:

8. No implications

RECOMMENDATION(S):

1. **that the Committee advises the Executive of its views on the proposals to introduce a charge for Telecare Services.**

Background

9. At its meeting on 28 September 2010 the council's Executive approved the revised Charging Policy for Non-residential Social Care Services.
10. This decision was made following the work of a Task Force which was set up by Social Care Health and Housing Overview & Scrutiny Committee in 2010 to conduct a review the council's policy in this area.
11. In addition the Executive made the following recommendations for further work as set out below:
 - a) analysis of the options for charging for Telecare Services with the objective of introducing a charge from 1 April 2011.
 - b) analysis of the options for charging for equipment and adaptations in excess of £1000 with the objective of introducing a charge from 1 April 2011.
 - c) continue with work to integrate Financial Assessment with Reablement and to deliver other reductions in the costs of assessment and collection of charges.
 - d) identify process efficiencies in determining the customer's charge.
12. Work on items c) and d) are in progress and are being managed and monitored through the directorate's Balanced Scorecard approach and Efficiencies Programme. A summary of actions taken is set out in the following paragraphs. Work on item b) is ongoing and will be the subject of a further report.
13. The integration of Financial Assessment processes with Reablement has been established and arrangements are now in place to set up financial assessments during a customer's period of reablement. At the same time the Reablement service is growing and developing. The aim is that where a customer has a period of reablement and subsequently needs ongoing services then the financial assessment is completed prior to the commencement of those services.
14. Various process efficiencies have been examined and two significant changes have been made: firstly a role has been established from within the existing establishment to coordinate the arrangement of financial assessment appointments; secondly the process to undertake annual reassessment of customer finances has been modified so that annual increases in benefits are incorporated into a revised assessment, which is then sent to the customer along with a letter inviting them to advise us if any of the figures are incorrect.

15. The remainder of report focuses on recommendations for item a) – the options for the introduction of charges for Telecare Services. An initial estimate of income deliverable by charging for Telecare of £192k in a full year was included as an Efficiency item in the council's budget for 2011/12.

Telecare

16. Telecare is the provision of one or more detector devices in a customer's home which are linked to a control device. These devices can include fall detectors, temperature sensors and motion detectors. When one of the devices is triggered this sends an alert via the telephone system to a central monitoring centre. Staff in the monitoring centre respond to all alarm calls and have access to a list of people (normally relatives or other informal carers) who can be alerted.
17. Telecare uses similar technology to traditional 'community alarm' services, the difference being that community alarm systems are only activated by a pendant worn by the customer or by a pull cord, not the sensors available with Telecare.
18. Telecare is currently provided by Aragon Housing Association on behalf of the council. Monitoring is undertaken by North Hertfordshire District Council control centre. The council pays for all of the costs involved.
19. Although there is a weekly charge associated with the provision of community alarm systems, there is currently no charge associated with the provision of Telecare. The reason for this is that Telecare was originally introduced as a pilot programme and was grant-funded by central government. This funding has now ceased.
20. The budget for Telecare for 2011-12 is £230k. This pays for the cost of the staff to undertake Telecare assessments and installations, new and replacement Telecare equipment and the monitoring charge.
21. Telecare both locally and nationally is perceived as a very useful service that provides a degree of peace of mind to vulnerable people and their carers. At the time of preparation of this report there were over 900 Telecare installations in the Central Bedfordshire area and this number increases by approximately 20 per month.
22. The experience of the pilot period is that Telecare has a role both as a 'preventative' service (i.e. one that prevents or delays a person needing more intensive levels of support) and as part of the services provided to people as part of a personal budget or package of care services. The charging mechanism needs to address both of these roles.

Charging Options and Considerations

23. The introduction of a charge for Telecare Services was identified during the review of charging for non-residential social care services undertaken in 2010. It was also identified as an opportunity in the 'Revenue Income Optimisation' (RIO) programme which was also undertaken in 2010.
24. The review of charging for non-residential social care services undertaken in 2010 was an extensive process that involved a full stakeholder consultation and the consideration of the issues and options by a members' task group. The group's recommendations were, in turn, considered by the relevant Overview and Scrutiny Committee before being agreed by the council's Executive.

25. The consultation process undertaken as part of the 2010 review demonstrated a good deal of support for the introduction of a charge for Telecare Services. Of 14 areas of policy proposals consulted on the charging for Telecare was the 4th most popular with around 65% indicating agreement with the concept.
26. It was recognised that more work needed to be done before introducing a charge for Telecare Services and the result of this work appears in this report.
27. The gross income that could be delivered by the introduction of a charge was estimated to be £192k per annum and this was incorporated into the council's budget for 2011-12 as part of the Efficiencies programme.
28. The basis for the analysis of charging options was one of 'cost recovery' and the two broad options considered under this heading were:
 - A flat rate charge to all customers
 - A variable rate that was based on the amount of equipment used and/or the number of calls made to the control centre in a given period.

The option to charge a variable rate was not pursued in detail because of the potential complexity of such a scheme, so all analysis was based on the determination of an appropriate 'flat rate' charge.
29. A charge of £4.00 per installation per week (plus VAT) has been determined as a reasonable charge on a 'cost recovery' basis. The method of calculation is set out in Appendix A.
30. It is possible that the introduction of a charge will lead to some customers asking for the Telecare equipment to be removed to avoid the charge and it may also result in reduced demand for new installations. Extensive modelling of the financial effects of these factors has not been undertaken but it is considered that the charging model remains robust even with relatively large changes in demand.
31. The effect of the introduction of charging on the demand for Telecare will inform future procurement and contractual arrangements for these types of service.

Telecare in the context of other care services

32. It is proposed that Telecare is considered differently depending on whether it is being offered as a preventative service or as part of services to meet the assessed needs of a person who meets the council's eligibility criteria for social care services. The rationale for this is that the council has a greater duty to the latter group than the former.
33. Where Telecare is being provided as a preventative service the proposed 'flat rate' charge would be made and the service would be available 'on demand' (i.e. without assessment of whether an applicant had eligible needs).
34. Where Telecare is contributing to the meeting of the needs of a person who meets the council's eligibility criteria then the cost of Telecare would become part of the overall package of care services. In these circumstances the customer would be financially assessed (as they are currently) and the effect of introducing a charge for Telecare would be as follows:
 - a) Customers currently assessed to pay a nil charge would continue to pay a nil charge

- b) Customers who pay a contribution to the cost of their services based on their disposable income would not have an increase in their charge.
 - c) Customers who pay the 'full cost' of services would pay the additional charge for Telecare.
35. The arrangements set out above would apply both where a customer is council-commissioned services or a Direct Payment.
36. The effect of these arrangements would be that the council would subsidise services for people who were in the greatest need (as determined by a community needs assessment) and who also lacked the ability to pay (based on the assessment of their financial circumstances).

Findings from consultation responses

37. A consultation was undertaken with all current Telecare customers and stakeholder groups. Each received a consultation document and a response questionnaire. In total 888 customers and 128 stakeholder groups were contacted. As well as being asked about their attitude to the introduction of a charge, consultees were asked about the value they placed on the service and their use of it.
38. Responses were received from 425 (48%) of customers and 6 (5%) of stakeholder groups. The key findings from the survey of customers are below.
- a) 158 (40%) of respondents stated that they received Telecare in addition to other care services. The remainder 241 (60%) do not.
 - b) 280 (75%) of respondents reported using the system less than once a month. Only 11 (3%) reported using the system more than once a week.
 - c) 233 (57%) of respondents described that Telecare gave them 'peace of mind' rather than being 'really important' or 'vital' 118 (29%)
 - d) 130 (32%) were supportive of charging (agreed or agreed strongly), 246 (60%) were against charging (disagreed or disagreed strongly).
 - e) There was almost no correlation between the degree to which people valued Telecare and their support, or otherwise, for the introduction of charging.
 - f) 347 (86%) of respondents supported the idea of the council subsidising Telecare for those on very low incomes.
 - g) A significant proportion (84 – 20%) of respondents indicated that the imposition of a charge would cause them to seriously consider continuing with the service.
 - h) A number of respondents suggested that the council should attempt to reduce the cost of the service and pass this saving on to customers.
39. Responses from stakeholder groups were generally opposed to the introduction of a charge but there were no common themes (perhaps because of the relatively few responses from groups as opposed to individuals). Feedback and suggestions received included:
- a) Reviewing the costs of the Telecare Service so as to reduce the charge.
 - b) The service continuing to be free or to have a lower charge of £2.00.
 - c) High costs may result in a lower take up of this service

40. A detailed breakdown of the consultation responses appears in Appendix B.

Benchmarking information

41. Benchmarking work with other authorities was undertaken as part of the RIO programme and it has been updated and added to for this report. The information appears in full in Appendix C
42. The benchmarking data shows a wide range of charges for both Telecare and Community Alarm services. In this context the proposed charge of £4.00 for Telecare would not be unreasonable, although it must be pointed out that there is more data available for the cheaper Community Alarm schemes than for Telecare (which some councils may not offer).
43. In seeking benchmarking data questions were asked about the operation of any concessions for customers on low incomes. Two councils reported offering a formal concession scheme and another two indicated that the charge was 'dependent on income' or 'affordability' but provided no further information.

Equality Impact Assessment (EIA)

44. The full EIA appears in Appendix D. The most significant conclusions are that there would be an adverse financial impact on some customers and this would have a greater impact on those on low incomes.
45. However it should be noted that at present Telecare is not charged for but the similar service, Careline Community Alarm, is charged for. This is inequitable and the introduction of a charge for Telecare will address this.
46. The EIA recommends a series of actions to help to mitigate the impact on people with low incomes. These actions include:
- a) Consideration of a lower subsidised charge
 - b) Ensure that customers are given due notice of the introduction of a charge
 - c) Monitor the take up of service by new customers and exits from the service
 - d) Ensure that customers have information about the alternative services and associated costs.
47. Actions planned to incorporate these proposals are set out later in this report.
48. The EIA also notes that discouraging customers from having a Telecare Service where needed may ultimately have an adverse effect on customers in the form of increased hospital admissions and that Telecare can be used to support early discharge from hospital and avoid or delay admission into residential care. Therefore the intent of the charging policy should be to avoid discouraging the take up of the services.

Alternatives services currently available

49. Telecare is a relatively recent development that has built on previous technology used to deliver community alarm services. These, in turn, have been developed from 'warden alarm' systems originally installed into sheltered accommodation. This evolution had led to a variety of services being available in the Central Bedfordshire area from either the council or from the other public sector housing providers.

50. In addition, in recent years there have been several entrants to this sector, mainly in the area of Telecare, such as Age UK and Tunstall Telecom. They offer their services on a commercial basis and on a variety of terms.
51. This is an area which is evolving relatively rapidly. For example, during the time when this report was being prepared Aragon Housing Association introduced and enhanced community alarm service (with the option of additional Telecare equipment) and also withdrew its standard 'Lifeline' service to new customers.
52. A list of alternatives and their costs appears in Appendix E.

Conclusions

53. A number of conclusions can be drawn from the consultation responses:
 - a) The zero-cost aspect of Telecare has led to some customers retaining the equipment after it has ceased to be required (for example, after a previously dependent spouse has died or moved into residential care).
 - b) The number of customers reporting use of Telecare for 'peace of mind' and the low usage also suggests that some customers have made a decision to have Telecare installed on the basis of it being zero cost, a decision that they may reasonably wish to reconsider should they be required to pay a charge.
 - c) The number of customers who only have one or two sensors installed and who also have low usage of the system may indicate that for a proportion of current customers Telecare may offer little more to them than a Community Alarm service would.
54. Whilst there is some degree of support for the introduction of charging it is clear that there is also support for a lower charge for customers on very low incomes. Against this perspective it should also be borne in mind that the community alarm service does not have reduced charge for those on low incomes. The operation of a scheme of concessionary charges would require more administration than a flat rate scheme and it would also undermine the principle of cost recovery.
55. It would be inappropriate and counter-productive to channel customers who stated that they were unable to afford Telecare charges through the council's community needs assessment processes, unless there were other reasons why an assessment may be warranted.
56. However it is clear that the introduction of a charge for a service that has previously been free will have an impact on low income customers, some of whom may be placed at increased risk if they decided to terminate the Telecare Service.
57. It is proposed that the introduction of the charge would include a process whereby if a customer states that they are unable to afford the charge and/or wishes to terminate the service and have the equipment removed, then the risk to the customer is evaluated and the options explored with them (and their relatives if appropriate). These options would include:
 - a) The cost of the service being met by a third party (relative or charity).
 - b) The customer 'downgrading' to a 'Careline' level of service and being charged the current rate for Careline¹.

¹ In these circumstances officers would explore with the providers the possibility of avoiding the need to swap out equipment to convert from Telecare to Careline.

- c) The customer considering an alternative provision.
- d) The customer being referred for a Community Needs Assessment, if appropriate
- e) The customer being referred for a check of entitlement to welfare benefits, if appropriate
- f) Termination of the service.

58. In the final analysis, if a customer is unable to afford the cost and there is no appropriate solution after exploring the options set out in paragraph 57 then it will be possible to consider such cases as policy exceptions and an individual decision made on the level of charge to be paid.

Next steps

59. The proposal to introduce a charge for Telecare is due to be discussed by the Executive on 10th January 2012. Subject to approval of the recommendations and any further comments by the Executive, the next steps will be to:

- a) The list of current Telecare customers will be compared with those currently receiving other care services and those customers who would not need to pay will be identified².
- b) Following the Executive decision officers will write to all chargeable customers giving 28 days notice of the intent to charge and asking them to provide information to allow the commencement of billing and charging. At the same time customers will be sent a VAT exemption self-declaration form. Those customers who have been identified as not needing to pay will also be advised of this by letter.
- c) Charging will commence from 13th February 2012.
- d) Where customers indicate that they cannot afford the charge or are unwilling to pay then arrangement will be made to explore with them the options set out in paragraph 57.
- e) The effect of the introduction of charging on the take up of Telecare will be monitored of the coming months.

Appendices:

Appendix A: Calculation of the Charge for Telecare

Appendix B: Summary of Consultation Responses

Appendix C: Benchmarking of Telecare and Community Alarm Charges

Appendix D: EIA – Charging for Telecare Services

Appendix E: Telecare and Community Alarm Schemes in Central Bedfordshire

Background Papers: (open to public inspection)

Charging for Non-Residential Social Care Services

Telecare Consultation Document

Telecare Customer Questionnaire

Telecare Stakeholder Questionnaire

Location of papers: Priory House, Chicksands

² This activity can be undertaken ahead of the decision by the Executive.