
Meeting: Executive
Date: 10 January 2012
Subject: Review of Fairer Charging: Phase 2 Telecare Charging
Report of: Cllr Carole Hegley , Executive Member for Social Care, Health and Housing
Summary: The report proposes the introduction of charges for council-provided Telecare Services.

Advising Officer: Julie Ogley, Director of Social Care, Health and Housing
Contact Officer: Tim Hoyle
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
Reason for exemption from call-in This report was considered by Social Care Health and Housing Overview and Scrutiny Committee on 12 December 2011.

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 efficiencies.

Legal:

2. None

Risk Management:

3. None

Staffing (including Trades Unions):

4. Not Applicable.

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 this report that will go some way to mitigating these adverse impacts.

Community Safety:

7. Not Applicable.

Sustainability:

8. Not Applicable.

Procurement:

9. Not applicable.

Overview and Scrutiny:

10. This matter was considered by Social Care, Health and Housing Overview and Scrutiny on 12 December 2011.

At the meeting it was Recommended to the Executive: That the proposals to introduce a charge for Telecare Services provided by the Council be adopted.

RECOMMENDATIONS:**The Executive is asked to agree that:**

1. **a charge of £4.00 per week is levied on customers who receive Telecare services, along with the concessions as set out in the body of this report; and**
2. **the document “Charging for Non-Residential Social Care Services” attached as Appendix F is updated as set out to reflect this decision.**

Reason for Recommendations: To ensure the continued delivery of Telecare Services to customers on a financially sustainable basis.

Executive Summary

11. 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.
12. The gross income that could be delivered by the introduction of a charge was estimated to be £192,000 per annum and this was incorporated into the council’s budget for 2011-12 as part of the Efficiencies programme.

13. Consultation with current Telecare customer and stakeholder groups was undertaken from August to November 2011 and the outcome of this consultation is set out in the body of the report.
14. It is calculated that on a 'cost recovery' basis a reasonable charge for Telecare Services is £4.00 per installation per week.
15. Delivery of Telecare Services on this basis will enable the service to expand to meet customer demand and to avoid the need to introduce eligibility criteria for this service.
16. Where a customer receives Telecare following a Community Needs Assessment then it is proposed that the charge will be incorporated into their personal budget along with the costs of any other services. The result of this will be that the customers who are assessed to make a financial contribution of less than the full cost of their services will not need to make any additional contribution as a result of these changes.
17. Where a customer receives Telecare in the absence of a Community Needs Assessment then there is no proposal for a scheme of concessionary charges. However if a customer considers that paying the charge for Telecare Services will result in exceptional hardship then such cases will be considered on their merits and officers will have discretion to reduce or waive charges in these circumstances.

Background

18. Legislation provides that councils may charge for non-residential social care services These rules are set out in the document "Fairer charging policies for home care and other non-residential social services: guidance for Councils with Social Services Responsibilities" (Department of Health September 2003). The council's policy is set out in the document 'Charging Policy for Non-residential Social Care Services'.
19. The policy currently covers charging for the following services:
 - Care delivered in the customer's own home - such as home care or the services of a Personal Assistant
 - Care delivered away from the customer's own home (except where it is provided in a registered residential or nursing home)
 - Attendance at Day Care or Day Opportunities
 - Transport to and from Day Centres or Day Opportunities
 - Adult Placement Schemes
 - Services provided under the Supporting People arrangements
 - Reablement Services
 - Carers' Services
 - Meals provided in Day Centres
 - Meals on Wheels
 - Any services not in one of the other categories that are accessed as part of a customer's support plan.

20. The same policy applies whether the service is purchased by the council on the customer's behalf or they purchase it themselves using a Direct Payment.
21. The principles of the policy are that customers pay a contribution to the cost of their service if they can afford it. Under these principles the charge can be anything from zero to the full cost of providing the service. The customer contribution is based on a means test known as a Financial Assessment. Financial Assessments are usually conducted with the customer by Community Finance Advisors (CFA's) who at the same time check that the customer is claiming all of the welfare benefits to which they are entitled. Details of the method of calculation of the contribution and the scale of charges are set out in the policy.
22. Prior to the presentation of the current policy for approval, a programme of work was undertaken to thoroughly examine the drivers, issues and options underlying the development of the policy. This process was overseen by an Overview and Scrutiny Task Force comprising three members. In addition to the report produced by the Task Force at the conclusion of their work many suggestions which were made by Task Force members were incorporated into the proposed policy and the recommendations during the development stages.
23. The process included the following activities:
 - a) Developing an understanding of the drivers for policy change.
 - b) Developing a Equalities Impact Assessment (EIA) which was used to shape the policy recommendations.
 - c) Benchmarking current practice with other authorities.
 - d) Undertaking a public consultation.
24. At its meeting on 28 September 2010 the council's Executive approved the policy. In addition it made the following recommendations for 'Phase 2' of the revisions:
 - 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 £1,000 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.

25. 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 paragraphs 26 and 27. Work on item b) is ongoing and will be the subject of a further report.
26. 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.
27. 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.
28. The remainder of report focuses on recommendations for item a) – the options for the introduction of charges for Telecare Services.

Telecare

29. Telecare is the provision of one or more detector devices in a customer's home which are linked to a control unit. These devices can include fall detectors, temperature sensors and motion detectors. When one of the devices is triggered the control unit 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. It was introduced as a pilot scheme in 2007 by Bedfordshire County Council.
30. Telecare has developed from 'community alarm' services which have been available for many years. The main difference between the two systems is the range of devices that can be used to trigger the alarm - community alarm systems are only activated by a pendant worn by the customer or by a pull cord. There are two community alarm schemes operating in Central Bedfordshire – Careline which is delivered mainly to customers in the former South-Bedfordshire area and which is operated by the council and Lifeline which is delivered mainly to customers in the former Mid-Bedfordshire area and is operated by the Aragon Housing Association.
31. 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.

32. 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 when Telecare was introduced as a pilot programme it was grant-funded by central government. This funding has now ceased.
33. The budget for Telecare for 2011-12 is £230,000. This pays for the cost of the staff to undertake Telecare assessments and installations, new and replacement Telecare equipment and the monitoring charge.
34. 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.
35. 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

36. 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.
37. 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.
38. 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.
39. The gross income that could be delivered by the introduction of a charge was estimated to be £192,000 per annum and this was incorporated into the council's budget for 2011-12 as part of the Efficiencies programme.
40. 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; and
 - a variable rate that was based on the amount or 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.

41. 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.
42. 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.
43. Whilst the commissioning of Telecare Services is beyond the scope of the work undertaken and this report, the effect of the introduction of charging on the demand for Telecare will be an important consideration in the determination of future procurement and contractual arrangements for these types of service.

Telecare in the context of other care services

44. 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.
45. 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).
46. 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.
47. The arrangements set out above would apply where a customer has council-commissioned services, a Personal Budget or a Direct Payment.
48. 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

49. A consultation was undertaken with all current Telecare customers and a large number of 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.
50. 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) 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.
51. 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
52. A detailed breakdown of the consultation responses appears in Appendix B.

Benchmarking information

53. 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
54. 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).
55. 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)

56. 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.
57. However it should be noted that at present Telecare is not charged for but community alarm services are charged for. This arrangement is inequitable and the introduction of a charge for Telecare will address this.
58. 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.
59. Actions planned to incorporate these proposals are set out later in this report.
60. 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

61. 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.
62. In recent years there have been several new 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.
63. 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.
64. A list of alternatives and their costs appears in Appendix E.

Conclusions

65. 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.
66. 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 services do not have reduced charge for those on low incomes. The operation of a scheme of concessionary charges would also require more administration than a flat rate scheme and it would undermine the principle of cost recovery which could ultimately prove counter-productive.
67. Similarly 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 such an assessment may be warranted.

68. 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.
69. It is therefore 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' or 'Lifeline' level of service and being charged the current rate for Careline or Lifeline¹.
 - 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.
70. Where the options are being explored with a customer then no charge would be levied until a decision had been made about the service to be provided.
71. In the final analysis, if a customer is at risk, unable to afford the cost and there is no appropriate solution after exploring the options set out in paragraph 69, 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

72. If the recommendations are agreed, officers will commence a process of giving 28 days notice to all current Telecare customers of the introduction of the charge.
73. Those customers currently in receipt of other care services from the council will be identified and advised of the impact on them. Those customers who currently have a traditional model of service delivery will be advised that their charge will not increase (except where they pay the full cost of their services). Those customers having a Personal Budget or Direct Payment will have their Personal Budget or Direct Payment increased by the cost of Telecare without there being any increase in the level of their contribution (except where the customer makes a 100% contribution to their Personal Budget).

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 or Lifeline.

74. As part of this process, where a customer advises the council that they are unable to afford the charge, officers will explore the alternatives set out in paragraph 69.
75. The effect on the take up of Telecare is may be affected by the introduction of a charge. Data for take up rates over the last three years is available and this will be used as a comparison with take up after introduction of a charge.

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

Appendix F: Revised Policy: Charging for Non-Residential Social Care Services

Background Papers: (open to public inspection)

“Fairer charging policies for home care and other non-residential social services: guidance for Councils with Social Services Responsibilities” (Department of Health September 2003)

Telecare Consultation Document

Telecare Customer Questionnaire

Telecare Stakeholder Questionnaire