
Meeting: Social Care Health and Housing Overview & Scrutiny Committee
Date: 30 July 2012
Subject: Update on the Introduction of Charging for Telecare Services
Report of: Councillor Carole Hegley, Executive Member for Social Care, Health and Housing
Summary: This report updates the Committee on the introduction of a charge for Telecare Services provided by the Council.

Advising Officer(s): Julie Ogley, Director of 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 promote health and wellbeing and protect the vulnerable.

Financial:

1. The introduction of charging for Telecare, it is estimated, will deliver a £0.114m net efficiency for the council in 2012/13.

Legal:

2. No implications

Risk Management:

3. No implications

Staffing (including Trades Unions):

4. No implications.

Equalities/Human Rights:

5. An Equality Impact Assessment was prepared during the development of the proposals. This identified that these proposals will impact adversely on older and disabled people, particularly those on low incomes.
6. Proposals were set out in the report of 12 December 2012 which attempted to mitigate these impacts.

Public Health

7. No implications

Community Safety:

8. No implications

Sustainability:

9. No implications

Procurement

10. No implications

RECOMMENDATION:

That the Social Care, Health and Housing Overview and Scrutiny Committee note the outcome of the introduction of a charge for Telecare Services and comment as appropriate.

Background

11. At its meeting on 10 January 2012 the Executive approved revisions to the Charging Policy for Non-residential Social Care Services which included a charge for Telecare Services provided by the council.
12. The charge was set at £4.00 (plus VAT, where applicable) per installation per week, chargeable on a quarterly basis in arrears.
13. It was also agreed that where Telecare was contributing to meeting the needs of a person who meets the Council's eligibility criteria, then the cost becomes part of the person's package of care services. In these circumstances the customer is financially assessed and the effect of introducing a charge for Telecare would be as follows:
 - a) Customers that have previously been assessed and do not currently pay for services (a nil charge) would still not have to pay.
 - 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.
14. The effect of these arrangements mean that the council subsidises the Telecare service for people who are 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).

Process and Outcomes

15. Following the decision on 10 January 2012, a list of all current Telecare customers was obtained. This list was compared with records on the council's social care system of those customers that received other types of care service. These customers were divided into three groups:-
- a) People who were not receiving other types of care service – these people would be charged at the flat rate.
 - b) People who were receiving other types of care service and who had been assessed not to pay a contribution or a partial contribution to the cost – these people would not have an increase in their contribution.
 - c) People who were receiving other types of care service and who had been assessed to pay the full cost – these people would have an increase in their contribution.
16. It was also noted that a small number of customers were deceased (i.e. the council had been advised of their death but the Telecare provider had not) and that some of the customers were children (who are outside of the scope of this policy). In addition, during the period in which this analysis was being undertaken, a number of customers ceased the use of the service.
17. The 865 customers at the start of the process breaks down as follows:

Type	Additional Charge?	Number	%
Social Care Client: Contribution	No	272	31.4%
Social Care Client: Full Cost	Yes	34	3.9%
Flat Rate Client	Yes	534	61.7%
Child	No	3	0.3%
Equipment due to be collected	No	17	2.0%
Client Deceased	No	5	0.6%
Total		865	

18. All customers who would have to pay an additional charge were contacted by letter and given notice of the intention to introduce a charge. This letter advised customers of the payment process and also explained how customers could apply for exemption from the VAT element of the charge.

19. In the period immediately following this notification the council was contacted by a number of customers who asked for the equipment to be removed. The reasons given by these customers were analysed and appear in the table below:

Reason	Number	%
Considered service not worth the cost	68	62.4%
No longer required: Equipment no longer used	17	15.6%
No longer required: Customer has moved	10	9.2%
No longer required: Customer deceased	6	5.5%
No longer required: Support needs changed	2	1.8%
Will not pay on principle	6	5.5%
Total	109	

20. Where a customer requested to cease the service and there were concerns that the person would be at risk without it then this was considered and the options discussed with the customer. Twenty customers fell into this category and these cases have now been explored further. Just over half have been referred for a financial assessment as they met eligibility criteria. Around a quarter subsequently agreed to continue with the service and to pay for it. For the remainder (5) the decision was to cease the service.
21. There is anecdotal information that some of the customers who stated that they would not pay 'on principle' decided to transfer to another Telecare provider. Other providers are generally more expensive than the CBC Telecare so the number doing this is likely to be very low – no more than one or two people.
22. In the period from January to May 2012 there has also been a normal turnover of customers commencing and ceasing the service. An additional 102 customers have commenced the service and a similar number have ceased for reasons not connected to the introduction of charging.
23. Around 20 new customers per month are commencing the service. This is similar to the numbers that were starting the service prior to the introduction of charging.

24. As of 1 June 2012 there were 756 customers in receipt Telecare. This number breaks down was as follows:

Type	Number	%
Social Care Client: Contribution	294	38.9%
Social Care Client: Full Cost	34	4.5%
Flat Rate Client	418	55.3%
Child	3	0.4%
Due to be collected	7	0.9%
Total	756	

VAT Exemption

25. All flat rate customers are offered the opportunity to claim exemption from the VAT element of the charge. Of the 418 flat rate customers 373 (89%) have claimed exemption. This has no financial impact on the council.

Financial Impact

26. When the introduction of charging was first proposed the saving to the council was estimated to be £0.138m per annum. This was based on assumptions about the rate of charge, the number of customers who would pay the flat rate and overall the number of customers using the service.
27. The financial impact of the introduction can now be estimated more accurately. The income forecast is set out in the table below:

Type	Number	Est. Income 2012/13 £
Social Care Client: Contribution	294	0
Social Care Client: Full Cost	34	7,072
Flat Rate Client	418	86,944
Child	3	0
Due to be collected	7	0
Total	756	94,016

28. The income is lower than the figure originally estimated for the following reasons:
- a) The original model assumed that 10% of Telecare customers would be social care clients whereas in practice this number is over 40%.
 - b) The original model did not make any allowance for customers giving up Telecare because of the introduction of a charge.
 - c) The fact that the service was previously free of charge meant that customers who no longer needed Telecare did not have a strong incentive to return equipment. Therefore over the years the number of people actually using the service had gradually become over-estimated. The introduction of charging corrected this.
29. Whilst these effects have had a negative impact on the additional income collectable, the last two have a positive impact on the costs in two areas: firstly the weekly monitoring charge of £1 per installation is being saved and secondly much of the returned equipment can be reused and this will save the considerable cost of purchasing new equipment. This saving is estimated to be £0.020m for 2012/13.
30. The net saving is therefore forecast to be £0.114m for 2012/13.

Summary and Conclusions

31. From the evidence it is reasonable to draw the following conclusions:
- a) The introduction of charging is now completed and is part of 'business as usual' for the directorate.
 - b) The introduction of charging has not had any significant impact on the take up of Telecare.
 - c) The introduction of charging resulted in a number of people who no longer needed the service returning equipment.
 - d) The introduction of charging resulted in around 10% of customers deciding that they did not want the service.
 - e) Whilst the savings estimate is lower than that originally forecast the saving of £0.114m per annum is still a significant sum which indicates that the undertaking was worthwhile.
 - f) An effect of the introduction of charging has been to increase the proportion of Telecare customers who also have other social care services from 35% to 43%

Appendices:

None

Background Papers: (open to public inspection)

1. Review of Fairer Charging: Phase 2 Telecare Charging, Social Care Health and Housing Overview & Scrutiny Committee, 12 December 2011

2. Review of Fairer Charging: Phase 2 Telecare Charging, Executive, 10 January 2012

Location of papers: Priory House, Chicksands