



HEALTH, SOCIAL CARE AND WELLBEING SCRUTINY COMMITTEE – 21ST OCTOBER 2014

SUBJECT: CHARGING FOR TELECARE SERVICES

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To identify a charging policy for telecare services that will ensure that the service is financially sustainable, whilst minimising the impact upon service users. The report is seeking the views of Members prior to its presentation to Cabinet.

2. SUMMARY

- 2.1 With effect from 1st April 2011, management responsibility for the Telecare Alarm Service was transferred from Housing Services to Adult Social Services. At that time the service was considered to be self financing through contributions from service users, the Supporting People Team and service level agreements with other agencies.
- 2.2 In 2011/12 the Telecare Service broke even but only as a result of staffing vacancies which masked the fact that the budget did not include any provision for the cost of enhancements to pay for working unsocial hours.
- 2.3 In 2012/13 the Service overspent by £25k but again, staffing vacancies had partially offset the shortfall in budget in respect of unsocial hours enhancements.
- 2.4 The overspend experienced in 2012/13 highlighted that the budget for the Service was inadequate which resulted in a virement of £72k into the Service from other Adult Services budgets within the 2013/14 financial year.
- 2.5 During 2013/14, Housing Services began a programme of decommissioning the hardwired telecare equipment based in group housing schemes. On removal of the hardwired equipment, service users have the option to transfer to a lifeline arrangement (dispersed unit) with Social Services. However, many of the hardwired units are located in properties occupied by less vulnerable people who are unlikely to choose to receive a replacement dispersed unit. This will lead to a reduction in contributions from service users and in the service level agreement charge receivable from Housing Services. This in turn will lead to a budgetary shortfall for the 2014/15 financial year and beyond.
- 2.6 Existing service users living in private accommodation currently pay a maximum of £4.30 per week for their dispersed units. Whereas, existing service users accommodated in group housing schemes currently pay a maximum of £3.10 per week for their hardwired alarms. When these hardwired systems are replaced with dispersed units, service users in public housing group schemes will be paying less than those in private accommodation for what will then be the same service.

- 2.7 Where service users are in receipt of Council Tax Benefit or Housing Benefit they are entitled to a subsidy from the Supporting People Team which currently stands at £2.48 per week. This subsidy is significantly higher than other Welsh authorities and has been challenged by the Supporting People Regional Collaborative Committee (R.C.C.). If this subsidy is reduced it will add to the budgetary pressure within the Telecare Service
- 2.8 This report considers how the budgetary pressure for Telecare Services can be addressed while also addressing the differential in charging between private sector and public sector service users and the concerns of the R.C.C.

3. LINKS TO STRATEGY

- 3.1 Telecare alarm systems are a useful tool in achieving the directorate's aim of supporting vulnerable people to live as independently as possible.
- 3.2 A balanced budget is a key component in the delivery of the Authority's strategic aims.

4. THE REPORT

- 4.1 As a result of the issues highlighted in paragraphs 2.1 to 2.5, the Telecare Service original budget for 2014/15 amounts to £70,258 made up as follows:-

	Original Budget 2014/15
Dispersed Alarms	£82,255
Central Control	£425,826
Office Related Costs	£64,711
Gross Cost	£572,792
Service User Contributions	-£180,693
Contribution from Supporting People Team	-£108,380
SLA income from other agencies	-£206,922
Section 28a Income from Health	-£6,539
Net Cost	£70,258

- 4.2 In preparation for the decommissioning of hard wired systems discussed in paragraph 2.5, a sample of around 33% of service users in group housing schemes were surveyed to establish how many would be likely to require a replacement dispersed unit after their hardwired system was removed. Only around 42% of those surveyed indicated that they would wish to receive a dispersed alarm unit. If this is replicated across the service then there would be a substantial reduction in contributions receivable from the remaining service users.
- 4.3 After decommissioning hardwired units from group housing schemes, the Telecare Service will only be monitoring alarms within sheltered housing schemes on behalf of Housing Services which will mean a reduction of around £64k in the service level agreement income receivable from Housing Services.
- 4.4 Furthermore, in response to pressures from the Supporting People Regional Collaborative Committee it has become necessary for Caerphilly's Supporting People Team to review the level of subsidy with a view to reducing to somewhere near the Welsh average. If this was implemented in a single step with immediate effect then it could jeopardise the financial sustainability of the Telecare Service. Therefore, it is proposed to reduce the subsidy payable to the Telecare Service for dispersed units to £1.50 per unit per week with effect from 1st April 2014 with a further review and possible reduction to be implemented with effect from 1st April 2015.

- 4.5 The issues highlighted in paragraphs 4.2, 4.3 and 4.4 create a financial pressure for the Telecare Service of around £88k. However, at the same time, a surplus of £65k will be created within the Adult Social Services Supporting People budget as result of the proposed reduction in the Supporting People subsidy to £1.50. It is proposed that this surplus should be vired into the Telecare Service leaving a net shortfall of around £23k.
- 4.6 The Telecare Service must provide staffing cover at all times irrespective of the numbers of service users that are being monitored so it is not possible to reduce staffing costs in response to this budgetary shortfall. Therefore, it is necessary to consider increasing the contributions payable by service users.
- 4.7 As identified in paragraph 4.5, if existing service users' contributions were frozen at their 2013/14 level with indefinite protection then there would be a budgetary shortfall of £23k in 2014/15. Furthermore, there would be an inequity between the charges payable by service users in private accommodation and those in public sector housing.
- 4.8 An inflationary increase of 3% with indefinite protection for existing service users would only raise around £5k in additional income and would not address the inequity between private and public sector service user charges.
- 4.9 Therefore, it is proposed to implement a 3% inflationary increase on the 2013/14 charges but to limit the protection offered to existing service users so that they will only experience a maximum increase of 50p per week each year until they reach parity with new service users.
- 4.9.1 Under this option, service users who have recently lost their entitlement to reclaim £0.62 per week through housing benefit would not face a further financial burden in the current financial year so the following charges would be applied:-

Increase the maximum charge by 3% to £4.43 per week and protect existing service users to an increase of no more than £0.50 per week on their current charge.	All New Service Users	Existing Service Users in Private Accommodation	Existing Service Users in Public Accommodation	Supporting People Subsidy (All Service Users)
Service users in receipt of housing benefit/council tax benefit	£2.93	£1.36	£0.62	£1.50
Service users not in receipt of housing benefit/council tax benefit	£4.43	£4.43	£3.60	£0.00

- 4.9.2 This option would close the budgetary shortfall in the Telecare Service and begin to address the inequity between private and public sector service user charges.
- 4.9.3 If protection of existing service users is applied in future years to limit the increase in each year to £0.50 per week then the cost of protection will fall from £142k to approximately £104k in 2015/16. This £38k additional income could offset a further reduction of as much as £0.50 per unit in the supporting people subsidy that may come out of the review planned for April 2015. The gradual tapering off of the cost of protection will continue until existing service users are charged the same as new service users and should be sufficient to fund any further reductions in supporting people subsidy in line with the Welsh average.

5. EQUALITIES IMPLICATIONS

- 5.1 When hardwired systems are replaced with dispersed units, service users living in public sector housing will contribute less for a dispersed alarm monitoring service than those living in private housing. The option proposed in paragraph 4.9 would reduce this inequity in 2014/15 and would eventually eradicate it as any protection tapers off.

6. FINANCIAL IMPLICATIONS

- 6.1 The proposals contained in this report would result in the following revised budget for 2014/15.

	Original Budget 2014/15	Virement	Revised Budget 2014/15
Dispersed Alarms	£82,255	£0	£82,255
Central Control	£425,826	£0	£425,826
Office Related Costs	£64,711	£0	£64,711
Gross Cost	£572,792	£0	£572,792
Service User Contributions	-£180,693	-£22,663	-£203,356
Contribution from Supporting People Team	-£108,380	£9,164	-£99,216
SLA income from other agencies	-£206,922	£78,499	-£128,423
Section 28a Income from Health	-£6,539	£0	-£6,539
Net Cost	£70,258	£65,000	£135,258

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications of the proposals contained within this report.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 Members are asked to comment on the following recommendations that will be made to Cabinet on the 12th November 2014;
- 9.1.1 That the charges identified in the table in paragraph 4.9.1 are implemented with effect from 1st January 2015 in order to maximise income while allowing a reasonable lead in time.
- 9.1.2 That the Supporting People Team pay £1.50 per dispersed unit towards the weekly charge for service users in receipt of council tax benefit throughout the 2014/15 financial year. This will be reviewed for the 2015/16 financial year.
- 9.1.3 That £65k is vired on a permanent basis from the Adult Services Supporting People budget into the Telecare Services budget.
- 9.1.4 That existing service users' charges continue to increase by £0.50 per week each year until they reach parity with charges for new service users.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure the medium term financial sustainability of the Telecare Service.
- 10.2 To reduce the inequity between private sector and public sector housing service user charges for dispersed alarms which in turn will simplify charging for telecare services.
- 10.3 To address the concerns expressed by the Supporting People R.C.C. in respect of the level of Supporting People subsidy paid for telecare services within Caerphilly.

11. STATUTORY POWER

11.1 Local Government Act 1972 and 2000.

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