

Cabinet

16 September 2015

Review of Care Connect



Report of Corporate Management Team

Ian Thompson, Corporate Director, Regeneration & Economic Development
Councillor Eddie Tomlinson, Cabinet Portfolio Member for Assets, Strategic Housing and Rural Issues

Purpose of the report

1. The purpose of this report is to inform Cabinet of the proposed Medium Term Financial Plan (MTFP) savings associated with the Care Connect service.
2. The report requests approval to consult on the proposals before reporting back to Cabinet for final consideration.

Background

3. The Council continues to be impacted by the Government's ongoing austerity programme, where Government funding to the Council is forecast to have reduced by 60% by 2018/19 when compared to the funding levels in 2010/11. This is despite the Council facing demographic and inflationary budget pressures that need to be financed across this period also.
4. Overall, it is forecast that the Council will need to save £250 million over the 2011 to 2018 period, based on the forecast public sector funding reductions outlined in the Government's March 2015 and July 2015 Budget statements.
5. A sum of £153.2 million of savings will have been delivered by the end of 2015/16, with forecasted savings over the MTFP (6) period 2016/17 to 2018/19 of £115.8 million being required to achieve a balanced budget.
6. Care Connect is the council's community alarm and telecare/telehealth provider. It provides a range of additional preventative services to a variety of people many of whom are older people and some who also receive a social care service. The community alarm service is non-statutory but the service assists users to live independently in their own home, safe in the knowledge that if there is an accident or they have a fall, they can get help quickly 24 hours a day, seven days a week, 365 days a year through our alarm monitoring and response service.

7. The total annual cost of delivering the Care Connect service (excluding CCTV provision) is £4.942m. This is funded through a combination of a financial contribution from CAS of £2.376m, income from self-funding customers of £1.175m, Service Level Agreements (mainly with housing providers) of £0.562m and income from Public Health of £0.822m.
8. In December 2013 Cabinet agreed a report detailing a £1m MTFP reduction in funding support from CAS for the delivery of Care Connect. This saving was achieved through a combination of service efficiencies, the reduction in support planning visits from quarterly to annual and additional income generation from those who pay for the service. Cabinet agreed to transitional protection for those customers receiving a free community alarm service for a period of at least two years. This was based on trying to protect those customers on lower incomes from the impact of funding reductions.
9. In order to address ongoing reductions in government funding support for local authorities, MTFP proposals include a further reduction in CAS expenditure on Care Connect services of £750k for 2016/17 financial year.

Existing provision of community alarms

10. Historically, customers in receipt of Guaranteed Pension Credit, Council Tax Benefit or Housing Benefit qualified for a free community alarm service. This qualification was removed for new customers from April 2014, as part of the previous MTFP savings measures. However, Cabinet agreed to protect those customers already receiving a free service for a period of at least two years. The two year period would end on 31 March 2016.
11. There are currently around 16,300 households (around 20,000 customers) receiving the community alarm monitoring and response service. This comprises approximately:
 - 9,750 households who receive the service free due to being in receipt of means tested benefits;
 - 4,750 'self-funding' households (who currently pay £4.60 per week)
 - 1,800 households in receipt of Telecare equipment and monitoring (which includes the community alarm service as part of an assessed care package)
12. A graph showing the existing customer base and projected changes over coming years (see appendix 2) together with an analysis of unit costs has been used to develop a business model to identify savings options.
13. In terms of the customer base for Care Connect, it is likely to grow in line with the demographic change in the county. The 65+ age group is projected to increase from almost one in five in 2012 to nearly one in four people (24.5%) by 2030. The proportion of the county's population aged

85+ is predicted to increase more acutely, from 2.2% in 2012 to 3.9% in 2030, almost doubling in terms of numbers from 11,300 to 22,000.

Savings proposals

14. The longer term viability of the service depends on being able to cover the costs of providing community alarms through charging its customers. The cost to the council of continuing to deliver the community alarm service in 2016/17 is currently estimated to be around £4.80 per week. To develop our savings proposals against the £750k target, we have made some assumptions about usage and likely impact.
15. It is therefore proposed to increase the charge for the self-funding customers from £4.60 to £4.80 per week to cover the cost. It is anticipated that the number of users will increase in line with demographic changes highlighted in paragraph 13. For modelling purposes it has been assumed that there will be 370 additional users in 2016/17 generating additional income of £93k. The extra income from the existing customers by increasing the charge by 20 pence a week will be £49k. This will increase the total income to the service in 2016/17 by £142k.
16. In order to realise the full £750k MTFP saving for 2016/17, it is also proposed to introduce a contributory charge for those customers currently receiving the service for free.
17. The introduction of charges where none previously existed, may lead to people withdrawing from the service. For example, Sunderland City Council introduced community alarm charges in 2013 and saw a reduction of around 40% of their customer base.
18. Through natural reductions, the number of customers receiving the service free of charge is projected to reduce from 9,750 customers currently to an average of 7,520 during the 2016/17 financial year.
19. It should also be noted that there are around 4,200 smoke alarms linked to the community alarm system in registered housing provider properties. We currently receive 60p per week for each monitored smoke alarm, equating to £131k a year under Service Level Agreements with the housing providers. If this customer base also falls by 40% there will be a loss of 1,680 customers equating to an annual income loss of £52k a year. Should individual customers decide not to stay on the Care Connect service, we would need to renegotiate our SLA or adjust the budget for loss of this income.
20. If we assume a similar elasticity as Sunderland and make an adjustment for the loss of SLA income, then the required level of income will be £660k (£750k minus £142k additional income from increasing the charge by 20 pence a week plus £52k from 40% loss of smoke alarm income).

21. The £660k of income to meet the savings target will need to be generated from the 4,500 remaining customers (7,500 x 60%) who currently don't pay anything. This would require a charge of £2.80 per week (around £145 per year) and would therefore still represent a considerable subsidy from the Council for these customers.
22. Should the customer base fall by a greater amount than 40%, then the reduced level of income would need to be offset by a further reduction in the costs of staffing and resources required to deliver the service. Any shortfall in the anticipated income would be met from cash limits until exact numbers, costs and savings levels have been established.

Comparison with other Local Authorities

23. Many authorities already charge for some or all of the similar services provided by Care Connect.
24. A sample of comparator authorities is included in appendix 3, showing charges ranging from £2.88 to £16.70 per week. It is difficult to make detailed comparisons as the service offered varies from one location to the next. However, the proposed charges in County Durham appear to compare favourably with other local authorities.

Implications for users and partner organisations

25. The customers who currently receive a free service are amongst the highest users of the service. Over the last 12 months we have answered and responded to around 40,000 calls from these customers which equates to an average of 5 calls a year.
26. An Equality Impact screening has been undertaken and is included at appendix 4. Many of these calls relate to low level incidents. However, any withdrawal from the service will inevitably place additional burdens on the Police, Fire and Ambulance services.
27. The consultation plan will identify key stakeholders and seek to assess the level of impact of potential changes.

Next Steps

28. Should the recommendations of this report be approved the next steps would be to initiate a period of consultation with service users and key stakeholders.
29. The consultation would assist in understanding any issues that may arise through the introduction of charging. This information would be used in completing the full Equalities Impact Assessment.
30. It is anticipated that a report setting out the consultation feedback, details of the equality impact assessment and any mitigation measures, together

with a proposed implementation plan will be presented to Cabinet in January 2016, on which a final decision could be made. This would allow the introduction of charges to begin from April 2016.

Recommendations

31. Cabinet is recommended to:

- (i) Agree to begin consultation on proposals to:
 - (a) Introduce a contributory charge of £2.80 per week for customers currently receiving a free community alarm service to deliver a forecasted saving of £608k in 2016/17.
 - (b) Increase the current charge of £4.60 to £4.80 for self-pay customers to deliver a forecasted saving of £142k in 2016/17.
- (ii) Receive a further report in January 2016 following consultation.

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Appendix 1: Implications

Finance

The recommended proposals will allow the service to remain viable whilst delivering a saving of £750k in line with the council's MTFP requirements.

Staffing

The introduction of additional charging will require a review of the administration staff within Care Connect. It is not anticipated that wider staffing levels will be affected by this proposal. However, should there be a significant withdrawal of customers, then a review of staffing levels would be undertaken in consultation with staff and trades unions.

Risk

This is a front line service utilised by many of County Durham's most vulnerable residents. There is a potential reputational risk to the council in changing this service. A communication plan is being developed to ensure sensitivity in the consultation and informing service users and their support networks of the proposed changes.

Equality and Diversity

An initial Equality Impact Assessment screening has been carried out (see appendix 4). A full EIA will be undertaken and presented to Cabinet alongside the results of consultation.

Accommodation

None

Crime and Disorder

None.

Human Rights

None.

Consultation

A full consultation with service users and key stakeholders will be undertaken to help understand any issues that may arise as a result of introducing charges to those customers currently receiving a free service.

Procurement

None.

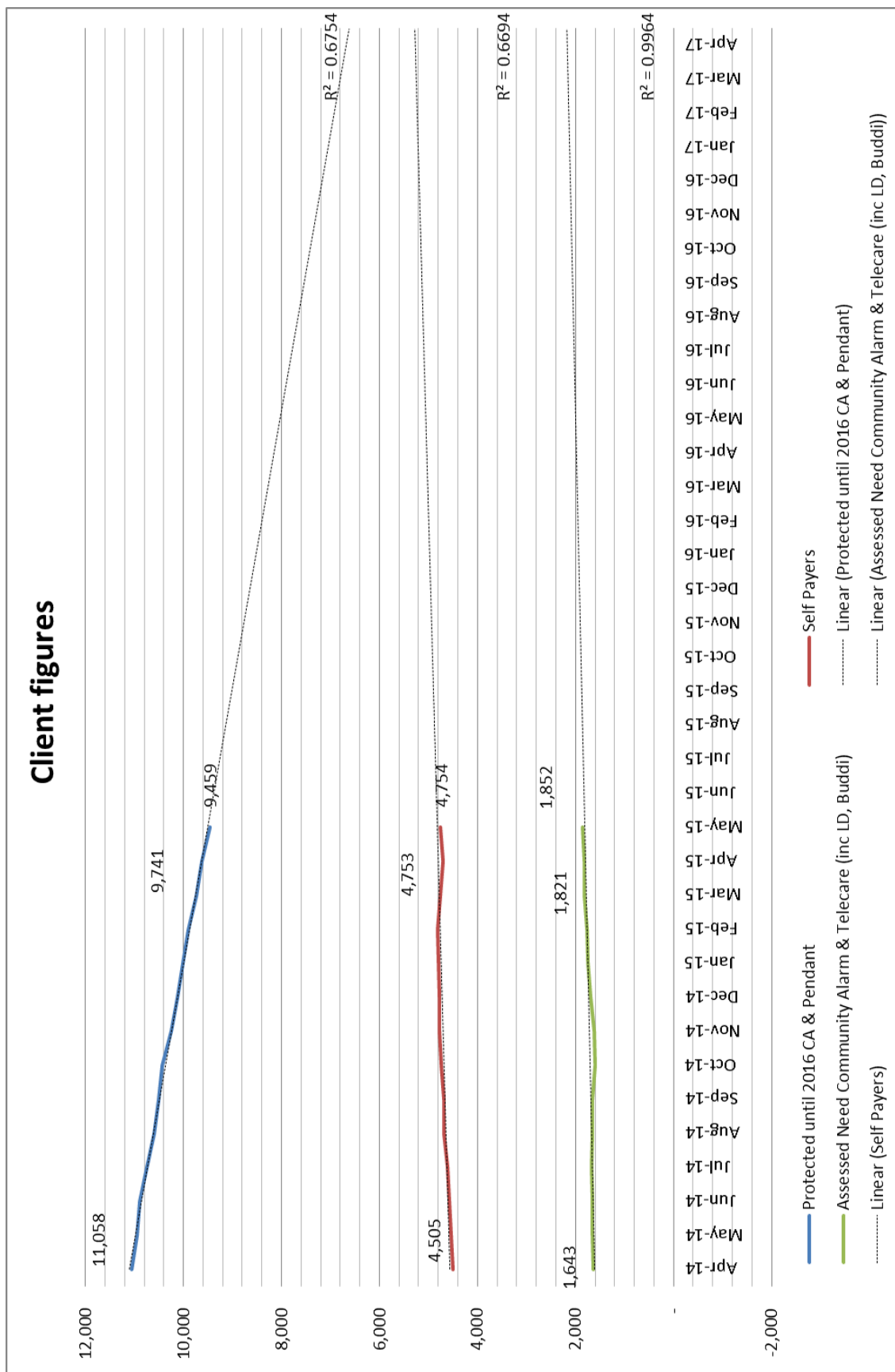
Disability Discrimination Act

Disability issues to be addressed thorough Equality Impact Assessment.

Legal Implications

Council has the power to charge for discretionary services under s 93 of the Local Government Act 2003. The aim of the legislation is to allow local authorities to recover the costs of providing the services that are not obligatory and not to generate a surplus. The authority must ensure that the income it derives from the

service equates to the cost and guidance on this matter gives advice on how to assess the costs. The guidance also states, however that the local authority does not have to recover the full cost if there are policy reasons for limiting charges, thus enabling different charging arrangements provided it can justify its reasons for doing so, but if the charge imposed is less than the full cost of the service, it should be reviewed annually.



Appendix 3

Community Alarm Service Benchmarking of Costs (June 2015)				
Local Authority	Community Alarm monitoring charge	24/7 call centre	Mobile Response	Comments
Durham	£4.60	Y	Y	
Broadacres	£4.35	Y	N	Monitoring only
Broadacres	£6.26	Y	Y	With mobile response
Broadacres	£12.54	Y	Y	As above with weekly visit / daily tel call
Middlesbrough	£3.99-£4.57	Y	Y	Free to people in receipt of pension credit
Middlesbrough - Erimus	£16.70	Y	Y	Response Mon - Fri, 9am - 5pm only
Darlington	£5.21	Y	Y	
Stockton	£3.77	Y	Y	
Sunderland	£2.88	Y	Y	
Gateshead	£4.20	Y	Y	Subsidy for council tenants in receipt of HB
Newcastle	£3.36-£8.55	Y	N/Y	Basic package is monitoring only
North Yorkshire	£6.20-£12.30pw	Y	Y	Installation, maintenance, monitoring and response
East Ridding of Yorkshire	£14-£22/month	Y	N/Y	Response only where contacts are not available
Doncaster	£3.20pw	Y	Y	Free for low income benefits
Barnsley	£3.24-£4.29	Y	N/Y	Basic package is monitoring only

Durham County Council – Altogether Better equality impact assessment form

NB: Equality impact assessment is a legal requirement for all strategies plans, functions, policies, procedures and services. We are also legally required to publish our assessments. You can find help and prompts on completing the assessment in the guidance from page 7 onwards.

Section one: Description and initial screening

Section overview: this section provides an audit trail.	
Service/team or section: Care Connect	
Lead Officer: Linda Ogilvie	Start date: 6 th July 2015
<p>Subject of the Impact Assessment: (please also include a brief description of the aims, outcomes, operational issues as appropriate)</p> <p>Care Connect is the council's community alarm and telecare/telehealth provider. It provides a range of additional preventative services to a variety of people many of whom are older people and some who also receive a social care service. The community alarm service is non-statutory provision which assists users to live independently in their own home, safe in the knowledge that if there is an accident or they have a fall, they can get help quickly 24 hours a day, seven days a week, 365 days a year through our alarm monitoring and response service.</p> <p>In order to address ongoing reductions in government funding support for local authorities, MTFP proposals include a further reduction in Children and Adult Services (CAS) expenditure on Care Connect services of £750k from April 2016.</p> <p>The long term need for community alarm type services is likely to grow as the demographics of the county change. The longer term viability of the service depends on being able to cover the costs of providing community alarms through charging its customers. The cost to the council of delivering the community alarm service is currently estimated at £4.80 per week per client.</p>	

Historically, customers in receipt of Guaranteed Pension Credit, Council Tax Benefit or Housing Benefit qualified for a free community alarm service. This qualification was removed for new customers from April 2014, as part of the previous MTFP savings measures. However, Cabinet agreed to protect those customers already receiving a free service for a period of at least two years.

It is proposed to increase the charge for the self-funding customers from £4.60 to £4.80 per week. This increase is carried out on an annual basis and will increase the income to the service by £142k. In order to realise the full MTFP saving it is also proposed to introduce a contributory charge for those customers currently receiving the service for free.

The introduction of charges where none previously existed may lead to people withdrawing from the service. For example, Sunderland City Council introduced community alarm charges in 2013 and saw a reduction of around 40% of their customers.

It should also be noted that there are around 4,200 smoke alarms linked to the community alarm system in registered housing provider properties. We currently receive 60p per week for each monitored smoke alarm under Service Level Agreements with the housing providers. Should individual customers decide not to stay on the Care Connect service, we would need to renegotiate our SLA or adjust the budget for loss of this income.

If we assume a similar elasticity as Sunderland and make an adjustment for the loss of SLA income, then in order to make the appropriate level of savings it would be necessary to introduce a charge of £2.80 per week (around £145 per year) for those currently receiving a free service. This would still represent a considerable subsidy from the Council for these customers.

Should the customer base fall by a greater amount than 40%, then the reduced level of income would need to be offset by a further reduction in the costs of staffing and resources required to deliver the service. Any shortfall in the anticipated income would be met from cash limits until exact numbers, costs and savings levels have been established.

Who are the main stakeholders: General public / Employees / Elected Members / Partners/ Specific audiences/Other (please specify) –
Care Connect service users, staff, potential users,NHS,Emergency Services,Public Health

Is a copy of the subject attached? Yes

If not, where could it be viewed?

Initial screening

Prompts to help you:

Who is affected by it? Who is intended to benefit and how? Could there be a different impact or outcome for some groups? Is it likely to affect relations between different communities or groups, for example if it is thought to favour one particular group or deny opportunities for others? Is there any specific targeted action to promote equality?

Is there an actual/potential negative or positive impact on specific groups within these headings?

Indicate :Y = Yes, N = No, ?=Unsure

Gender	Y	Disability	Y	Age	Y	Race/ethnicity	N	Religion or belief	N	Sexual orientation	N
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How will this support our commitment to promote equality and meet our legal responsibilities?

Reminder of our legal duties:

- Eliminating unlawful discrimination & harassment
- Promoting equality of opportunity
- Promoting good relations between people from different groups
- Promoting positive attitudes towards disabled people and taking account of someone's disability, even where that involves treating them more favourably than other people
- Involving people, particularly disabled people, in public life and decision making

The service is generally provided to older people and those who are vulnerable, for example as a result of a disability. There are more older women in the county's population so the likelihood is that more women will be affected by changes to this service than men. The gender profile of current service users shows that just under 65% are female. 58% of users are aged over 75. There is no direct evidence that changes to the service will have a specific impact in relation to transgender status, race, religion or

sexual orientation.

The potential impacts relate to health and wellbeing as well as financial impacts. The increase in weekly payments for self funders and the proposed introduction of charges for those who currently do not currently pay will have a financial impact which may mean that some cancel, this could leave them at risk and would potentially increase reliance on other emergency response services such as ambulance or fire and rescue services.

The customers who currently receive a free service are amongst the highest users of the service. Over the last 12 months we have answered and responded to around 40,000 calls from these customers. Many of these calls relate to low level incidents. However, any withdrawal from the service will inevitably place additional burdens on the Police, Fire and Ambulance services. The consultation plan will identify key stakeholders and seek to assess the level of impact of potential changes.

If proposals are implemented and the customer base falls this may affect staffing with a potentially greater impact on women as more women are employed within the service. Corporate HR procedures would be followed to ensure fair treatment.

What evidence do you have to support your findings?

There are currently around 16,300 households (20,000 customers) receiving the community alarm monitoring and response service. This comprises approximately:

- 9,750 households who receive the service free (through historical funding arrangements)
- 4,750 self-funding households (who currently pay £4.60 per week)
- 1,800 households in receipt of Telecare equipment and monitoring (which includes the community alarm service as part of an assessed care package)

Data for current users who receive the service for free (9,750 households = 11584 customers)

Gender breakdown: 7510 (65%) female, 4074 (35%) Male

Age breakdown:

Age Range	Customers
Birth to 64 yrs	2370
65 to 69 yrs	1091
70 to 74 yrs	1400
75 to 79 yrs	1959
80 to 84 yrs	2054
85 yrs +	2710
Total	11584

This assessment will proceed to full assessment if agreed to proceed with consultation.

Decision: Proceed to full impact assessment – Yes **Date: 6th July 2015**

If you have answered 'No' you need to pass the completed form for approval & sign off.