

February 2023

**Care Connect Customer Fees and
Charges**

Delegated Decision



Report of:

Matthew Edwards, Care Connect & CCTV Manager

Electoral division(s) affected:

Countywide

Purpose of the Report

This report concerns the proposed increase to private customer charges levied by the Care Connect Service for the 2023 / 2024 financial year.

Executive summary

- 1 Care Connect provides emergency home alarm and telecare services for approximately 9000 vulnerable and elderly residents across the County Durham area. Through a telephone line-based alarm unit installed in customer homes, residents can be connected to our control centre at the push of a button, following which our responders can be dispatched to customer homes to provide any help and support as is required. The majority of customers are 'private payers', and it is their charges which this report concerns itself with. Around 2350 *Telecare* customers, referred by Adult and Health Services with an assessed need for support, are charged directly by AHS depending on their assessed financial circumstances.
- 2 The Care Connect Service, in common with others across the authority, faces a challenging financial climate due to a number of factors; including the impact on operating costs of rising inflation, and the impact of the cost-of-living crisis on customers' ability to continue paying for the service.
- 3 The service is funded through a variety of sources, including Public Health underpinning and a fixed contribution from DCC Adult & Health Services for provision of the Telecare services. In addition to this, a range of self-generated income includes charges paid by internal and external customers for a variety of monitoring services via our control

room, and the self-payer customer charges discussed in this paper. It is a long standing practice that all charges are increased in line with the RPI rate for the previous November, to cover the associated increased operating costs of the Care Connect Service. The November 2022 RPI rate, however, was 14%, an increase of which could render the service unaffordable for our self-paying customers.

Recommendation

4 REG MT is recommended to::

a) Approve an increase of 5% in the Care Connect customer charge for the 2023/2024 financial year.

b) Note that this amount strikes the right balance between raising additional income for the service in light of inflationary pressures; and ensuring the service remains affordable for customers and minimising the risk of them leaving the service - representing an even greater risk to finances in the long term.

c) Approve an increase of 14% for all new customer installation charges from 1 April 2023, in line with the November 2022 RPI

d) Support a recommendation that other charges, paid by internal and external 'business' customers for the range of monitoring services via our control room, *are* increased by 14% in line with the November 2022 RPI.

Current Picture

- 5 Privately paying Care Connect customers are currently charged **£5.38** per week for a basic personal alarm and response service. This equates to an annual charge of £279.76 per year, generally paid over 10 monthly direct debit payments of £27.98. A 3% increase was applied in April 2022. No increase was applied in April 2021 in light of the Covid19 Pandemic. Subsidised customers - who's various reduced pre-LGR rates continue to be honoured by the service - pay lower rates, but these rates are also increased each year by the same rate.
- 6 Whilst these costs may not seem high, they must be seen in the context of an elderly and vulnerable customer base for whom household finances are extremely pressured – especially so given the current climate. This climate has already begun impacting customer numbers, which have shown a slow decline since the onset of the pandemic – despite no inflationary charge increases being applied in 2021 for this very reason. This reduction in privately paying customers (excluding death and moves to residential care) can be directly linked to affordability, as per data gathered by the service around reasons for service removal. It can be predicted that any significant cost increases would simply make our service unaffordable for those who need it the most, and put County Durham's most vulnerable residents at risk.

Considerations & Risks

- 7 This prospective loss of customers, in addition to bringing direct risks to the ongoing finances of the Care Connect Service, could also be expected to impact upon the finance and resources of other service areas.
- 8 The personal alarm and response services provided by Care Connect act as a preventative measure by delaying the requirement for traditional, more costly, social care support from the authority. Whilst it is not possible to quantify the exact value of this to DCC at this time, and with due acknowledgement of the inherent difficulty in evidencing the value of prevention services; it would be sensible to assume there would be such an impact.
- 9 In addition to internal partners, a similar impact could also be predicted in respect of DCC's key strategic partners such as the ambulance service and the police, who are the inevitable alternative agencies to be contacted when a person is in need of emergency support and they do not have a service such as Care Connect in place.
- 10 Standard practice is to increase rates and charges in line with RPI from the preceding November, to cover the corresponding increase to

service operational charges. Following years of low RPI, however, the RPI figure for November 2022 was 14%. Whilst it is recommended this level of increase is applied to business / partner customers for the monitoring services provided by the control room, as well as to one-off service installation charges for new customers; it is felt to be a prohibitively high increase for individual self-paying customers.

- 11 Steep rises seen recently in relation to food and energy bills should be considered, alongside any potential council tax rises, when considering affordability. While pensioners, who make up a sizeable proportion of Care Connect customers, are set to receive a 10% state pension increase, it remains the case that many will still be in a less favourable financial position than this time last year. Coupled with the current challenges within the NHS, most notably the accessibility of ambulance services, it is clear that the accessibility of emergency response services like Care Connect are more important than they have ever been to the residents of County Durham.
- 12 From a business perspective, there is no 'right answer' on where to set customer charges, due to the balance required between increasing much needed income to the service, and the potential loss of customers inherent in increasing charges, which could then reduce income overall.

Summary

- 14 Given the prevailing financial climate, it is necessary for Care Connect to raise customer charges for the 23/24 financial year. A standard raise in line with the November 22 RPI of 14%, is not believed to be an option for individual self-paying customers, due to the cost-of-living crisis and the resulting impact on customer losses. As per the table above, a 5% increase is felt to be the most appropriate option, balancing increased income to the service with customer affordability.
- 15 It is believed that other charges, paid by internal and external 'business' customers for the range of monitoring services via our control room, and the installation charge for new customers from 1 April 2023 should increase by 14% in line with the November 2022 RPI, as per standard practice. This will support the Care Connect service with the associated increased operating costs brought about by the high rate of inflation.

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Appendix 1: Implications

Legal Implications

None.

Finance

As per body of paper.

Consultation

N/A

Equality and Diversity / Public Sector Equality Duty

Care Connect services are primarily provided to County Durham's most vulnerable residents. Groups including the elderly and those with additional needs are directly impacted by the continued operation of the service.

Climate Change

N/A

Human Rights

N/A

Crime and Disorder

N/A

Staffing

A large charge increase, followed by a significant loss of customers, may lead to a necessary reduction in the staff within the service in the future.

Accommodation

Text.

Risk

Any increase in charges carries an inherent risk of loss of customers for the business involved. Affordability of such a vital service, especially amongst more vulnerable clients, should be given the highest priority.

Procurement

N/A