

Cabinet

16 March 2016

Care Connect Consultation and Proposed New Charging Policy



Report of Corporate Management Team

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Purpose of the Report

- 1 To inform Cabinet of the outcomes of the consultation with Care Connect customers and to recommend the introduction of a contributory charge to those who currently receive a free service and increase the current charge to those who self-pay for the service.

Background

- 2 As outlined in the Council's 2016/17 Budget and Medium term Financial Plan report agreed by Full Council on 24 February, the financial outlook for the Council continues to be extremely challenging.
- 3 The impact on the Council's medium term financial plan is an additional funding reduction of £104.4million over the four year period 2016/17 to 2019/20 with a £36.8million reduction in 2016/17. The scale of the financial challenge faced by the Council is therefore very significant.
- 4 By 31 March 2016, savings of £153.2million will have been delivered since the beginning of austerity in 2011/12 and it is forecast that this figure will exceed £257million by 2019/20.
- 5 In order to address ongoing reductions in government funding support for local authorities, the Council's MTFP proposals include a reduction in expenditure on Care Connect services of £750,000 from April 2016.
- 6 Care Connect is the council's community alarm and telecare 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 is a key element in assisting users to live independently in their own home.
- 4 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

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.

- 5 There are currently around 15,000 households receiving the community alarm monitoring and response service. This comprises approximately:
- 8,000 households who receive the service free due to being in receipt of means tested benefits;
 - 4,786 'self-funding' households (who currently pay £4.60 per week)
 - 2,134 households in receipt of Telecare equipment and monitoring which includes the community alarm service as part of an assessed care package. (Note: the changes proposed in this report do not apply to Telecare customers).

Consultation

- 6 A report was considered by Cabinet in September 2015 giving agreement to begin a consultation on proposals to:
- (i) Introduce a contributory charge of £2.80 per week (excluding VAT)* for customers currently receiving a free community alarm service.
 - (ii) Increase the current charge of £4.60 per week to £4.80 per week (excluding VAT)* for self-pay customers.

[* Note the majority of Care Connect customers are not subject to VAT as they have signed a self-declaration form which means VAT is not applied due to a medical condition or disability.]

- 7 The consultation commenced on the 7 October 2015 and ended on the 30 November 2015 and included all the main stakeholders; customers, families or contacts, police, fire, ambulance, NHS and voluntary sector interest groups including Age UK, Carers Forum and elected members. We asked customers and stakeholders how the proposals may affect them.
- 8 Letters were sent to all 'free service' customers including a paper survey (see Appendix 2) and access details to the online version. An email address and contact number was also provided and home visits were carried out where necessary. Care Connect staff were also able to support customers via the telephone and to complete on line surveys on behalf of customers.
- 9 A separate letter was sent out to existing self-funding customers (see appendix 4)

Response to consultation on proposal to introduce a contributory charge of £2.80 per week (excluding VAT) to those who currently receive a free service

- 10 There were 4,523 survey forms both online and paper copies returned, which is a 53% return rate. A summary of the responses is included as appendix 3. The main discussion points of the survey are as follows:

- Responders to the survey

Care Connect Customer	85.7%
Family Member	13.8%
Other	0.5%

- Do you agree/disagree with the proposal to contribute £2.80 a week (excluding VAT) to continue to use the service?

Agree	38.0%
Neither agree nor disagree	17.4%
Disagree	18.1%
Strongly disagree	26.8%

- If a charge was introduced would you continue to use the service?

Yes	57.4%
No	28.3%
Don't know	14.3%

- 11 The report to Cabinet in September used a comparison with Sunderland who saw a reduction of 40% in their customer base following the introduction of a charge, where the service was previously offered free. Our consultation has indicated that 57.4% of those currently receiving a free service would continue to use the service, 28.3% would not and 14.3% are still undecided. The final numbers staying on the service will not be known until after the invoices have been released to customers in April. However, for financial modelling a 40% drop off appears to be a prudent assumption.
- 12 Customers in receipt of a free service were also asked how the charge would affect them. 31.5% of respondents stated that the charge would have no real affect and they would be able to cope. A further 20% stated they would be less well-off; and 10% said it would be unaffordable. 9.5% of respondents said they would not pay or not use the service.

Response to consultation on proposal to increase the current charge from £4.60 per week to £4.80 (excluding VAT) to those who currently pay for the service.

- 13 The response from existing self-funding customers was lower with only a 10% return. This is most likely because this charge is reviewed annually and customers expect the charge to change. Of those who responded, 80% were in agreement with the increase, stating that they relied on the service and felt it provided value for money.

Wider stakeholder consultation

- 14 Only one response was received from the wider stakeholder group. The Police expressed concern that if a high number of customers declined to pay and left the service, then this would be likely to impact on their resources.

Refresh of Saving Requirements

- 15 The longer term viability of the service depends on being able to cover the costs of providing community alarms through charging its customers. The following figures in relation to usage and likely impact of the proposals update those given in the September report.

- 16 The increase in charge of £0.20p per week for the 4786 self-funding customers equates to an additional income of:

$$4,786 \times £0.20 \times 52 = £49,774$$

- 17 In addition, it is anticipated that a further 114 customers will join the service as new self-funding customers generating a further income of:

$$114 \times £4.80 \times 52 = £28,454$$

- 18 The customer base for those currently receiving a free service has reduced since the September report (as customers pass away or move into full time care) and is projected to decrease further during the 2016/17 financial year. Assuming a mid-year value of 7,400 customers, of which 60% are retained on the service, then the income from charging £2.80 per week from this cohort would be:

$$4,440 \times £2.80 \times 52 = £646,464$$

- 19 The total estimated additional income from the charging proposals is £724,692. The projected shortfall of income against the savings target of £750k will need to be made from service efficiencies.

- 20 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

income would be met from cash limits until exact numbers, costs and savings levels have been established.

- 21 In addition to the MTFP saving, the service is facing an additional cost pressure through the loss of £151,000 income from the termination of SLAs by the housing providers (County Durham Housing Group - Durham City Homes and Livin RSL) for the monitoring of their smoke alarms, door entries etc. A full review of delivery options for Care Connect is included in the RED Service Plan for 2016/17.

Summary

- 22 The consultation from those customers receiving a free service resulted in a very high return rate of 53%. Of those who responded, 55.4% either agreed or were not concerned about the introduction of the contributory charge.
- 23 28.3% of respondents said they would no longer use the service, with a further 14.3% undecided. In terms of ability to pay £2.80 per week, 10% of respondents said that the charge would be unaffordable.
- 24 The proposed charge of £2.80 per week represents a subsidy by the council of £2.00 per week (£104 per year). This recognises that customers in receipt of a free service qualified on the basis that they were in receipt of certain income benefits.
- 25 Those customers who are unable to afford the charge but consider themselves to be at risk due to their vulnerability will be directed to Social Care Direct for an assessment of their needs. This will ensure that the council can offer appropriate support to those who are in greatest need through drawing up a care and support plan detailing how these needs will be met.
- 26 The consultation returns from those currently paying for the service was low at 10% return. However, 80% of respondents agreed with the increase and commented that the service provided value for money and that they relied on the service.
- 27 The proposed charges in County Durham appear to compare favourably with other local authorities (see appendix 5). On balance, it is recommended that Cabinet agree to the proposed new charging policy.
- 28 Following the Cabinet meeting the results of the consultation will be published on the website and those customers affected by any change will be notified by letter.
- 29 A full equality impact assessment is attached as appendix 6.

Recommendations and reasons

30 Cabinet is recommended to:

- (i) Agree to the introduction of a contributory charge of £2.80(excluding VAT) per week for customers currently receiving a free community alarm service from April 2016
- (ii) Agree an increase in the current charge of £4.60 per week to £4.80 per week (excluding VAT) self-pay customers from April 2016

Background papers

Cabinet Report September 2015

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Appendix 1: Implications

Finance –

The recommended proposals will allow the service to remain viable whilst delivering a saving of £750,000 in line with the councils MTFP requirements.

Staffing –

It is not anticipated that 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 trade unions. The administration staff were reviewed following the September report to ensure that the service has the capacity to administrate the recommended charges

Risk –

This is a front line service utilised by many of County Durham's most vulnerable residents. There is a potential risk to the council in changing this service. Staff will continue to support customers if the charging recommendation is agreed.

Equality and Diversity / Public Sector Equality Duty –

A full Equality Impact Assessment screening has been carried out (see Appendix3).

Accommodation –

None.

Crime and Disorder –

None.

Human Rights –

None.

Consultation –

A full consultation exercise has been carried out.

Procurement –

None.

Disability Issues –

Disability Issues are addressed through the Equality Impact Assessment.

Legal Implications –

Council has the power to charge for discretionary services under section 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. If the charge is less than the full cost of the service, it should be reviewed annually.

Appendix 2 Survey Form

Appendix 3 Summary of Survey Responses

Appendix 4 Letter to existing self-funding customers

Appendix 5 Community Alarm Service Benchmarking of Costs (Jan 2016)

Appendix 6 Equality Impact Assessment