

CABINET

17 JUNE 2022

REPORT OF PORTFOLIO HOLDER FOR HOUSING

A.4 TENDRING CARELINE – FINANCIAL OPTIONS APPRAISAL

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

The purpose of this report is to offer options with regards the financial position of Tendring Careline and the future viability of the service.

EXECUTIVE SUMMARY

In order for Tendring Careline to retain its accreditation to the TEC Services Association (TSA – national body of all Carelines across the UK) the service should meet a number of key performance indicators (KPIs). These KPIs can only be met if the service has enough trained staff answering the incoming calls from service users and responders to go out if necessary.

On 19 April 2022 the contract for Tendring Careline to deliver out-of-hours call monitoring services to Provide CIC was terminated. Although this will mean that Tendring Careline does not need to employ so many staff, the lost income will also have an impact of the financial viability of the service.

A recent internal audit of Careline also highlighted that the service needed improvement in a number of areas. The audit concluded that *'it would be timely to review the strategic direction of the service'*, and that *'Whatever options are chosen, one of the first targets will be renewed accreditation with the industry standards, TSA'*. On 25 April 2022, Audit Committee sought assurances from the Head of Service that an improvement plan was in place. This improvement plan forms the basis of the recommendations contained within this report. Recommendations that will stabilise and build confidence in the service, ensure the TSA accreditation is maintained, and concentrate on a measured, sustainable growth for the service in order to remain viable.

Four possible options have been considered, the finances of which are detailed in Appendix A. These are discussed below but for the purposes of comparison the current budget 2022/23, which was set before it was known that the Provide CIC contract income would be lost, shows a net cost to the authority of £501,800.

Option 1 NOT PROPOSED ACTION (This is to offer a baseline figure only and for comparison against other options). If the Council no longer offers Careline but does maintain an out-of-hours and CCTV service for Tendring residents, Careline service users would be given details of other service providers that they could transfer to and all external contracts would be given 3 months' notice. There is a reputational risk to this option as the Council has delivered Careline since 1987 and an Equality Impact Assessment (Appendix B) shows that such a decision would have the greatest impact on the elderly and vulnerable residents of Tendring, hence this option is not considered as viable. This option shows a net cost to the authority of £608,000 as the loss of income from Careline is greater than the budgeted cost of staff.

Option 2 NOT PROPOSED ACTION The Council maintains the staffing required to meet demand. This option shows the greatest net cost to the authority, £764,724 as the combined cost of running the service is greater than the projected income.

Option 3 NOT PROPOSED ACTION The Council maintains the staffing required to meet demand and increases fees immediately to ensure the service breaks even. If this option were however, delayed until the fee setting for financial year 2024/25 (see option 4 below) then, in the interim, any shortfall would be mitigated by a supplement from Careline reserves as discussed later in this report. There is also the possibility of external funding from health partners for a new responsive welfare service which would be delivered by Careline.

Tendring Careline currently charges existing analogue service users £23.82 per month and new digital service users £30.55 per month (this includes the cost of the sim card and the equipment, hence the difference in price). In order to reach breakeven using option 3 alone, the monthly fees for our private pay service users would need to increase by £5.68 per month (24% and 19% respectively). It is believed that the local market could support this increase as Colchester Helpline (our nearest alternative provider) currently charge in excess of £45 per month for an analogue service. It should be considered that any fee increase normally results in a very small number of service users ending their contract however, if this is purely down to the ability to afford the service, then we would be able to recommend the new Essex County Council service where the resident can be means tested and may be able to access a free or part funded service.

The Council has been delivering Tendring Careline since 1987 and is considered a trusted provider of this service. The TSA accreditation shows that the service is safe and reliable, which is the primary consideration for local people. Colchester Helpline are not accredited and our residents are unlikely to have heard of Provide CIC.

However, it should be noted that fees were already increased by 2% from 1st May 2022 and previously in August 2021. This option shows a net cost to the authority of £611,636

Option 4 PROPOSED ACTION The Council maintains the staffing required and increases the number of fee paying service users through an active marketing campaign, thus increasing income. It should be noted however that there would be a delay between advertising and new income generation; all of these new service users would not join from day one. In mitigation of the risk of any year end shortfall a supplement can be called upon from Careline reserves, as discussed later in this report, and there is also the possibility of new external funding from health partners for a pro-active welfare service for Tendring residents which could be delivered within staff resources. It is anticipated that by the end of 2023, when the service enters the normal fee setting cycle for 2024/25, the success of the marketing campaign would be understood, and accordingly the fees for the following year be set to ensure breakeven. It is anticipated that in this case the necessary rise in fees would be less than within option 3. Option 4 shows a net cost to the authority of £612,974.

These options are further discussed below but the preferred course of action would be option 4; an orderly and sustainable growth of the number of service users to increase income. Initially the service would concentrate on the recruitment and training of enough staff to ensure a safe service is delivered to customers and that the TSA Accreditation is maintained (next review due in July 2022). Simultaneously a marketing strategy will be drawn up to include online advertising, promotion of a new website with online retail capabilities, and demonstration appearances at relevant groups across Tendring. This strategy to be put into action once the

service is fully staffed. Finally, fees and charges would be re-appraised towards the end of 2023 in time for implementation in April 2024.

RECOMMENDATION(S)

It is recommended that Cabinet:

- a) agrees to the continuation of a Tendring Careline Service for residents;
- b) adopts Options 4 as the basis for the longer term approach to deliver a viable and sustainable Careline Service in the long term;
- c) requests Officers to take steps to maximise marketing opportunities to increase the customer base in an orderly way through 2022/23 and 2023/24 in working towards the figures highlighted in Option 4 within Appendix A;
- d) that the existing Careline Reserve of £221k be utilised to underwrite the financial risks associated with a), b) and c) above; and
- e) that detailed updates are presented to Cabinet as part of future financial performance and budget setting reports later in the year to provide an ongoing review.

REASON(S) FOR THE RECOMMENDATION(S)

Option 4 allows time for the service to stabilise and an advertising campaign to take effect and start generating new customers whilst delaying fees increases for service users until April 2024. It is seen as the lowest risk to the authority and to Tendring residents.

ALTERNATIVE OPTIONS CONSIDERED

Discussed above.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Tendring Careline contributes to the Council's priorities of delivery high quality services, a growing and inclusive economy, and community leadership through partnerships.

OUTCOME OF CONSULTATION AND ENGAGEMENT

None

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES	If Yes, indicate which by which criteria it is a Key Decision	<input checked="" type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision	25 March 2022

		published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	
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The Local Government Act 2003 introduced a general power to charge for discretionary services (those which the Council has the power, but is not obliged, to provide) provided they are not prohibited by other legislation and the Council does not make a profit.

Section 3 of the Local Government Act 1999 requires an authority “to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. It also obliges the authority to consult certain groups of persons for the purpose of deciding how to fulfil the duty.

Other legal implications are covered within the context of the report.

The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:

The report provides an evaluation of the alternative options and proposes a way forward, it is important that the review mechanisms detailed are carried out for good governance purposes and to provide assurances against the improvement plan.

Should Option 1 be considered further, public consultation would be required in accordance with the Council’s legal duties.

FINANCE AND OTHER RESOURCE IMPLICATIONS

From a staffing / overheads perspective, the Careline and CCTV services are operated on a combined basis with both therefore included within **Appendix A** for completeness.

The total budget for the combined Careline and CCTV service in 2022/23 is **£501,800**. During 2021/22 the base budget was increased by a one-off amount of **£50,000** to support the rapid increase in customers following the award of the ECC contract, which was not originally expected when the contract was tendered. The original assumption was based on a more linear / organic customer service growth basis, where increases in costs would be more closely aligned with the timing of when the additional income would be realised. This ‘step change’ effect still remains as an underlying risk going forward, which is therefore revisited further on in this report.

When Cabinet considered a previous report setting out the option to be part of the bid for the ECC Careline contract, it was highlighted that if the Council was not successful, there would be a residual on-going cost to the Council if the service was ceased. The previous report confirmed a residual cost of **£80,000**, which reflects the cost of the CCTV and the out-of-hours emergency response services. Option 1 set out in Appendix A, has been ruled out as not viable, but essentially reflects the same position albeit updated for the latest budget amounts with the figure now increasing to **£106,200**. This therefore provides the ‘base’ position against which to consider Options 2 to 4 set out below.

Option 2 – This option is based on the necessary uplifts to the various budget lines within the Careline service to provide the required capacity to maintain the TSA accreditation by ensuring calls from customers can be responded to within the appropriate timescales. This would

require an increase of **£262,900** to the current budgeted 2022/23 position (or an increase of **£156,700** over Option 1 above).

Option 3 – This option essentially reflects the necessary fee increases required to deliver the same net financial outcome as Option 1. As set out within the Appendix, the fee increases required are between 10% and 50% across the range of fees charged (and assumes that the level of demand remains unchanged).

Option 4 – This option explores the necessary increase in the customer base to deliver the same net financial outcome as Option 1. Similar to Option 3, it is assumed that the other key variable (the actual fee charged) remains unchanged. As set out within the Appendix, the increase in customers required would be up to 26% across the range of activities provided.

As highlighted within the risk section below, the increase in the level of customers highlighted in Option 4 could be accommodated within the increased budget proposed, so there would be no impact from a further potential ‘step change’ in costs.

Looking ahead, the preferred long term approach is option 4; growing the number of service users in an orderly way and delaying any fee increases until April 2024. Active marketing of the service will be undertaken to increase the customer base. As highlighted within the risk section below, it is essential that the Council’s prices remain competitive but also need to balance the actual cost of the service. It is also recognised that if demand increases above those highlighted as Option 4, there may be a ‘step change’ in costs in the short to medium term whilst demand for the service and therefore income ‘catches up’. The main reason behind this has already been highlighted above where staff costs increase to maintain the TSA accreditation for example, ahead of the associated growth in income.

By taking the above approach it is recognised that there will be a net cost over above the existing budget in the short to medium term. As it is difficult to accurately forecast the scale and speed at which the service can ‘grow’, it is proposed to underwrite this risk going forward by utilising the existing Careline Reserve of **£221,000**. It is also important to highlight that Option 4 provides the potential of reducing net costs below that of Option 1, which would generate a more advantageous financial position in the longer term.

It should be noted that Careline would have enough call handling capacity to manage an increase of 700 service users (200 private pay and 500 personal alarm watch) whilst achieving the TSA KPIs. No staff are at risk of redundancy as all of the team are required to maintain current activity levels.

The Service is also exploring potential external funding to support this interim position, with early indications suggesting that money may be available from our Health partners within Essex, especially given Careline’s role in supporting wider health objectives and priorities across the district.

Subject to Cabinet’s decision, Careline’s financial position will be monitored during the year and reported within the quarterly financial performance reports along with being subject to review (including the level of fees and charges) as part of the annual budget setting cycle.

<input type="checkbox"/>	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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The financial section above and other relevant parts of this report are supported by the Section 151 Officer.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Appendix A - Financial appraisal
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Appendix A - Financial appraisal
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	Appendix A - Financial appraisal

MILESTONES AND DELIVERY

New website delivered – September 2022
 Online advertising campaign begins September 2022
 New Welfare calls service begins delivery October 2022
 Growth assessed November 2023
 Fees for 2024/25 set December 2023

ASSOCIATED RISKS AND MITIGATION

For Careline, retaining the TSA accreditation is very important. It gives the service credibility and an edge over some competitors. It also provides assurance to TDC that the service is operating safely, and with the best interests of its service users at heart. Careline relies on the right number of staff to be in place 24/7/365 in order to manage the volume of work generated whilst maintaining its TSA accreditation, therefore the finances must be in place to allow for the recruitment of the required staffing.

It is anticipated that there is enough headroom within the propose staffing structure for a 16% increase in service user numbers. Once service user numbers exceed 5,000 then capacity will need to be addressed (referred to as a ‘step-change’ above). Options at this point would include increasing staffing numbers or outsourcing some of the incoming calls to partner organisations. As service user numbers increase, so does income.

Given the ECC contract is now being delivered by Provide CIC themselves, they could decide to look to deliver a fee paying service within the Tendring District, in direct competition to our Careline service. When operating in such commercial markets, other potential competitors could also seek to access the Tendring market in future. However it is felt that economies of scale would be limited for new entrants given the service delivered is broadly driven by people, equipment and transport costs.

Although the level of fees will be subject to annual review, it is essential that the prices charged remain as competitive as possible whilst balancing the overall costs of the service, which has always been the way in the past with Careline.

EQUALITY IMPLICATIONS	
<p>Tendring Careline service users are some of the most elderly and vulnerable in the district. The service is able to not only respond and get help for these service users, but often can also signpost to other local organisations that may be able to help further.</p> <p>An Equality Impact Assessment of Option 1 is attached as Appendix B.</p>	
SOCIAL VALUE CONSIDERATIONS	
<p>Tendring Careline allows elderly and vulnerable service users to live independently in their own homes for longer, typically 3 ½ years.</p>	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
<p>None</p>	
OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS	
<p>Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.</p>	
Crime and Disorder	
Health Inequalities	
Area or Ward affected	All

PART 3 – SUPPORTING INFORMATION

BACKGROUND
<p>Tendring Careline had been delivering out-of-hours support to Provide CIC since 2014. Provide CIC, with Tendring Careline as a sub-contractor, successfully bid for the Essex County Council telecare service which began delivery in July 2021. It became clear very quickly that Tendring Careline were unable to recruit quickly enough to accommodate the rapid growth in the number of service users to be monitored. It was also clear that, financially, the contract with Provide CIC was no longer viable. Provide CIC gave notice to Tendring District Council that the sub-contracting arrangements between the two organisations would be terminated and Careline ceased to deliver the service on 19 April 2022.</p> <p>A recent internal audit of Careline also highlighted that the service needed improvement in a number of areas. A Careline Board has been created which included members of the Senior Management Team and the Portfolio Holder for Housing. This Board has agreed the Careline improvement plan which includes such elements and the monitoring of performance against the TSA KPIs, the monitoring of incoming call volumes, the monitoring of staffing levels, and improved debt management.</p> <p>A Careline Operational Delivery Board has also been created, which includes officers from Governance, Finance, Audit and HR, to monitor progress of the improvement plan and report back to the Careline Board.</p>
PREVIOUS RELEVANT DECISIONS
<p>Cabinet 20 December 2019 –</p> <p>a) agrees to the principle of Tendring Careline becoming a subcontractor, as requested for a lead organisation, in order to either:</p> <p><input type="checkbox"/> being named within a bid for Lots 1 & 2 of the Essex County Council telecare tender; or</p>

to undertake work as a sub-contractor for the successful contractor;

so long as the terms of the agreement and associated risks are in the best interests of Tendring District Council and it is financially advantageous to do so.

(b) delegates authority to the Corporate Director (Operational Services), in consultation with the Head of Governance and Legal Services, the Head of Finance, Revenues and Benefits and the Deputy Leader to:

(i) agree the Heads of Terms for the sub-contractor arrangement with a lead organisation, to enable a tender bid to be submitted; and

(ii) agree the final terms and conditions of the sub-contractor arrangements.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Details of financial options

Appendix B – Option 1 Equality Impact Assessment

REPORT CONTACT OFFICER(S)

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Careline Financial Analysis											Appendix A	
Option 1	Just Out of Hours / CCTV Monitoring (no longer providing a Careline Service)											
Option 2	Based on Existing Demand											
Option 3	Increase Fee to Break Even											
Option 4	Increase Demand to Break Even											
Careline	Current	Option 1	Option 2			Option 3			Option 4			
	2022/23 Budget		Fee (p/m)	Demand	Totals	Fee (p/m)	Demand	Totals	Fee (p/m)	Demand	Totals	
Expenditure												
Employees	601,650	0			784,660			784,660			784,660	
Premises	410	0			0			0			0	
Transport	15,750	0			25,100			25,100			25,100	
Supplies and Services	86,170	40,000			79,910			79,910			79,910	
Equipment Stock	45,000	0			96,400			96,400			96,400	
Other	4,340	0			7,630			7,630			7,630	
Recharges - Non Salaries	451,220	451,220			451,220			451,220			451,220	
Total Expenditure	1,204,540	491,220			1,444,920			1,444,920			1,444,920	
Income												
Fee Payers	(530,190)	0	21.82	2,056	(538,343)	26.50	2,056	(653,808)	21.82	2,530	(662,455)	
Equipment Charge	(59,430)	0	2.00	2,056	(49,344)	3.00	2,056	(74,016)	2.00	2,530	(60,720)	
HRA (Sheltered)	(61,230)	0	23.35	242	(67,808)	26.00	242	(75,504)	23.35	242	(67,808)	
PAW	(65,920)	0	2.74	2,005	(65,924)	3.00	2,005	(72,180)	2.74	2,530	(83,186)	
Other Contracts	(102,750)	0	Various	Various	(75,556)	Various	Various	(75,556)	Various	Various	(75,556)	
Total Income	(819,520)	0			(796,976)			(951,064)			(949,726)	
NET POSITION	385,020	491,220			647,944			493,856			495,194	
CCTV	Current	Option 1	Option 2			Option 3			Option 4			
	2022/23 Budget		Fee (p/m)	Demand	Totals	Fee (p/m)	Demand	Totals	Fee (p/m)	Demand	Totals	
Expenditure												
Employees	90,000	90,000	N/A	N/A	90,000	N/A	N/A	90,000	N/A	N/A	90,000	
Premises	300	300	N/A	N/A	300	N/A	N/A	300	N/A	N/A	300	
Transport	0	0	N/A	N/A	0	N/A	N/A	0	N/A	N/A	0	
Supplies and Services	16,730	16,730	N/A	N/A	16,730	N/A	N/A	16,730	N/A	N/A	16,730	
Recharges - Non Salaries	10,750	10,750	N/A	N/A	10,750	N/A	N/A	10,750	N/A	N/A	10,750	
Total Expenditure	117,780	117,780			117,780			117,780			117,780	
Income												
Contributions	(1,000)	(1,000)			(1,000)			(1,000)			(1,000)	
Total Income	(1,000)	(1,000)			(1,000)			(1,000)			(1,000)	
NET POSITION	116,780	116,780			116,780			116,780			116,780	
Total Position	501,800	608,000			764,724			611,636			612,974	
Cost Pressure		106,200			262,924			109,836			111,174	