

## Report for Resolution

**Report to** Executive  
15 October 2008

**Report of** Director of Regeneration and Development

**Subject** Norwich Community Alarm Service (NCAS)

---

7

### Purpose

To present to Executive actions to ensure NCAS remains effective and viable in the future.

### Recommendations

1. To confirm the retention and development of NCAS;
2. To recommend Council to approve an additional budget of £44,946 in 2008/09 and £107,871 in a full year. To restructure the service as outlined in paragraphs 13-15 of this report, with effect from 1 November 2008. Based on the proposed ratio split between the HRA (66%) and GF (34%) this would mean an additional cost of £71,194 to the HRA and £36,676 to the General Fund in 2009/10.
3. To reduce the level of subsidy for the service by adopting one of the options for revised charges for the dispersed alarm units, as outlined in Table 2.
5. To delegate authority to the Director of Regeneration and Development to implement:-
  - a) the revised charging and development of new business as outlined in paragraphs 19-20 of this report.
  - b) the phased replacement of group alarm schemes to dispersed alarm units.
  - c) increases in charges in line with market values for this service in subsequent years.

### Financial Consequences

The financial consequences of this report are that both the in house and outsourcing options necessitate a review of charges for service users to reflect costs presuming the council would want to follow recent charging practice and reduce the subsidy to the service funded from the HRA and General fund.

The in house option requires additional investment to save resources of £107,871 funded through the HRA and General Fund Accounts. Taken together with a review of charges in line with those made by many other service providers and

some further expansion of the service through new business, it should be possible to reduce the current subsidy by approximately £168,000, to bring the subsidy down to £281,000 over a 2 year period. This could potentially reduce further in light of the transition to a unitary authority and the change in the scope and range of the business available to the service.

The net cost of the service is currently funded through the HRA and GF with the apportionment of 57% to the HRA and 43% to the General Fund respectively. This formula was based on 2002 data on call volume and the number and distribution of alarm units. As part of the business plan and current activity this has now been reviewed in liaison with the Head of Financial Services and adjusted to 66% to the HRA and 34 % to the General Fund. This will be reviewed annually as part of the budget planning process, to ensure that costs and income are appropriately apportioned to the relevant funding account.

## **Risk Assessment**

In considering the development of the service a number of risks have been identified as part of the business planning process:-

- The status quo would place the service under considerable strain if it were to continue to develop to respond to local demand. There would be considerable risk of shortfalls in performance that may increase overtime working.
- The need to restructure the service and to allow staff to deliver a service by investing to save will allow the service to become fit for purpose, thus placing it in a stronger market position and increase capacity and take on new business. Failure to invest will place the service at risk as the service will not be able to increase capacity and thereby unable to reduce the current level of subsidy. Having benchmarked charges with other alarm providers the revised charges are still within market tolerances and therefore should not have an adverse affect on maintaining and securing new business opportunities.
- An investment to save will bring potential risks due to the need to increase charges. It is possible that this would result in some clients' registered with NCAS terminating their agreements, and sourcing an alternative provider and resulting in a loss of income. This has certainly been a short term issue following previous price increases. It is unlikely that residents would want to switch providers as the proposed pricing restructure is comparable to others and NCAS offers a local service with a stable client base.
- Without setting charges that are closer to external market values and continuing not to recharge internal departments for the services received the council faces a continuing subsidy, whether the service is provided in-house or by a contacted external provider. There is a risk that this will become increasingly unsustainable.
- The service is at the forefront of telehealth and telecare provision and it envisaged that this will grow as a result of new technology and the increasing number of people living longer and working in partnership with

social care and health. Staying close to this progress reduces risk of being left behind as technology and practice develops.

- The service offers a wide range of services that may not be available in one place elsewhere and provides a local service.
- If the service was outsourced the Council will need to consider whether to outsource or keep in house other NCAS services such as ASB reporting, Out of Hours and lone working monitoring. This would increase the cost either through the new contractors charge or setting up a new in-house service which could be done through the new customer contact team. Risks associated with NCAS's role in emergency and disaster recovery also needs to be considered, together with the loss of potentially high proportion of the skilled and experience workforce.
- The funding of group schemes does pose a potential risk to the overall business of NCAS in that as part of the sheltered housing review, when schemes are decommissioned, the income from Norfolk Supporting People will also decrease proportionally, thus affecting the overall income balance. It is therefore important that this risk is managed accordingly and included as part of the marketing strategy so that potential new business can be generated in order to off set the loss of income over a given period.
- The current contracts have not been reviewed since 1988, whilst market competition needs to be acknowledged as a potential risk, the value of a local provider should not be underestimated. This is supported by the number of external contracts held by NCAS and the procurement of others based on the current NCAS brand.

### **Strategic Priority and Outcome/Service Priorities**

The report helps to meet the strategic priority "Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities". It also complies with the service plan priority to develop a Business Plan for Norwich Community Alarm Service.

**Executive Member:** Councillor Arthur - Housing and Adult Services

**Ward:** All

### **Contact Officers**

Nigel Andrews, Tenancy Support Manager	01603 212572
Angela Hadley, Assistant Director – Neighbourhood Development	01603 212775

### **Background Documents**

Draft NCAS Business Plan



## Norwich Community Alarms Service (NCAS)

### Background

1. Since its inception in 1984 as a community alarm service for vulnerable tenants, the NCAS has grown dramatically in the number of people it assists, the 24/7 response services it provides and the number of agencies who commission services from it.
2. This highly regarded 'flagship' service, is at the forefront of Telecare development and has considerable expertise in using assistive technology in the community, being one of the largest in the Greater Norwich Sub Region processing approximately 225,000 calls a year. It provides the following services:
  - a) A calls monitoring and emergency response alarm service to nearly 6,000 Council and Registered Social Landlords (RSL) tenants, private landlords and owner occupiers to help them live independently as long as possible in either sheltered housing (group sites) or general housing (dispersed alarms).
  - b) A 24-hour mobile support service, to the Council's sheltered housing tenants and other RSL's tenants.
  - c) Out of hours emergency repairs reporting for council tenants and RSL's tenants and fire alarm and smoke detector monitoring for sheltered housing together with an out of hours reporting and monitoring for a number of internal services including Housing, Green Spaces, Car Parks and Technical Services.
  - d) Out of hours Anti Social Behaviour reporting and monitoring.
  - e) Call monitoring for registered victims of domestic violence.
  - f) Lone Working monitoring for Council Employees.
  - g) Key communication and support under the Councils Corporate and Housing Emergency Plan, which includes other 'one off' situations such as the Millennium, flooding alerts and other civil emergencies.
3. The service manages 26 contracts, of which 11 are internal and 15 external and has won new business from organisations and housing providers. Many other organisations commission services from NCAS to monitor their homelessness and out of hour's service. Our service is also used by Norfolk Police to protect residents against domestic abuse. The service also works in partnership with Norfolk Council Adult Social Services in delivering a number of projects for the Partnership of Older People's Project (POPP's) and NHS Norfolk in delivering telehealth projects to the east and west of the county.
4. In summary the service has a strong and stable customer base, has the confidence of partner agencies, demonstrates value for money, has high overall levels of satisfaction with the quality of the service and is a service which can respond to local need and provides value not only to the City Council but to the citizens of Norwich.
5. Over the years the service has become a victim of its own success and as new services have been developed such as ASB out of hours monitoring and the lone worker service charges have been reviewed, and, as a consequence, additional

resources have not been identified to invest in the service. This has stretched the service. The staffing structure needs to change for the service to remain viable and achieve performance standards such as call response times which are critical. In addition there is little capacity for the Manager's of the service to market the service and win new business.

6. This has been further compounded by the lack of any continuous improvement strategy for the service or a business plan in the past, which would have clearly outlined the services core strengths and the need to identify cash flow thus placing the service on a more robust business footing. There was also a lack of benchmarking to support value for money and to provide indicators as to the charges made by other social alarm providers in the market, many of whom were recovering costs.
7. The service is jointly located with the Councils sheltered housing service at Catton Neighbourhood office which allows for greater partnership working between the two key community support services.

### **Income streams**

8. The service currently receives income from the following sources:-
  - i. Norfolk Supporting People Grant to support the costs of Group Alarms including those living in the Council's sheltered housing service.
  - ii. Dispersed alarm users who are either; a resident of Norwich City Council paying a full charge( £2.15 per week) a resident of Norwich City Council eligible for 50% subsidy and paying £1.08 per week and resident's living outside of the City Council area, paying £2.37 per week.
  - iii. Income from partnerships, as identified above, along with other stakeholders.
  - iv. External contracts, including Registered Social Landlords.
  - v. Recharges for the corporate Out of Hours service.

The estimated income to be received for 2008/09 is £460,960.

9. The service has been reviewed by Charles Boulton – as consultant with considerable experience in the delivery of this type of service. The service is currently funded by the HRA and General Fund, and costs are apportioned respectively between 57% and 43%. This formula was based on 2002 data on call volume and the number and distribution of alarm units. As an outcome of the financial work undertaken by Charles Boulton and in consultation with the Head of Financial Services it is recommended that this is adjusted to 66% HRA and 34% to the General Fund. Furthermore it will be reviewed annually as part of the budget planning processes, to ensure that costs and income are appropriately apportioned to the relevant funding account.

### **Management Issues**

10. The service review identified that transferring this service to an external provider would still require both revenue and capital investment. The capital investment would include the upgrading of the group alarm systems to dispersed alarms and revenue charges would include the costs of staff redundancy c. £250,000 unless TUPE arrangements were appropriate. The review also identified that additional staffing would be required to plan, manage and monitor the provision of the service

11. Concerns were raised within the review that outsourcing the service would result in the relocation of the service to outside Norfolk, the loss of ability to generate new business and thus develop the service, and that over time any efficiencies achieved through external contracting would be negated by lack of responsiveness to the needs of Norwich and its partners. The review recommends the retention of the service in house.

### **Service Issues**

12. In retaining the service in house, the business plan has been reviewed. Together with the work undertaken by Charles Boulton this has identified that the service needs to develop in the four key areas in order to maintain its place within the market and to reduce current level of deficit:-
  1. Restructure the service- staffing
  2. Review the office accommodation
  3. Upgrade of the telecare IT software system (Jontek Services)
  4. Review the charging policy and identify other brand opportunities from the benchmarking work which was undertaken

### **Staff restructure**

13. This will include the creation of two new Senior Operators posts at a cost of £90,349 and includes costs related to the transfer to the current job evaluation pay bands for all staff, bringing equity between the NCAS and sheltered housing service. It also includes all unsocial hours' enhancements and the regrading of the Clerical Assistant post to that of Finance and Administrative Assistant to reflect service need. The role of the Senior operator will be to provide supervisory support to a large team of staff, including performance management as well as undertaking frontline call handling duties.
14. There is also a need to look to enhance the staffing capacity, to respond to the increase in the number of out of hours ASB calls handling and to ensure that there is adequate cover within the sheltered housing service to respond to calls. The sheltered housing service is experiencing some difficulty in providing consistent cover for the weekends within the current staffing establishment. This often requires staff that have worked all week to work additional periods over the weekend, causing stress and long periods of duty without a break. To address these issues it is proposed that NCAS would assume the responsibility for providing weekend cover for the provision of mobile response service to both internal and RSL's sheltered housing calls. This is estimated to cost £17,472 and could be found within the existing staffing resources, subject to the appointment of the two Senior Operators.
15. Members are asked to agree the restructure, with effect from 1 November 2008, which will require an additional budget of £44,946 in 2008/09 and £107,871 in a full year. Based on the proposed ratio split between the HRA (66%) and GF (34%) this would mean an additional cost of £71,194 to the HRA and £36,676 to the General

### **UNISON Staffing Comments**

16. UNISON notes the contents of the report and the potential changes to the service. UNISON would advocate the Executive agree to retain the service in house as the preferred option. We also note that, should this option be agreed, there will be a need to restructure the service to be able to grow and provide an even better service. UNISON and the staff have been consulted on the proposals and what they will mean to them. They acknowledge and accept the need to change but, until any changes have taken place and run for some time there will be concerns. The staff appreciate the fact that some of their concerns have been taken into consideration by managers.

### **Proposed Office Accommodation arrangements**

17. Included in the Housing Capital programme (2008/09) is a sum of £50,000 to relocate the NCAS operations to the whole of the first floor at Catton Neighbourhood Office. This investment is seen as essential and will require existing neighbourhood housing staff to be found alternative accommodation within the Catton office complex or other offices.

### **Proposed upgrade of NCS IT alarm call systems**

18. £63,000 has been included in the Housing Capital programme 2008/09 for the IT upgrade. The current alarm monitoring system was installed in 1998 and is provided by Jontek Ltd one of the country's leading telecare equipment providers. The hardware and software needs upgrading to the Answer-link 3G model, which will improve functionality and therefore performance. This is a stand alone system from Norwich Connect.

### **Review Charging Policy and development of new business opportunities.**

19. The service currently is estimated to operate at a deficit of £341,250 in this current financial year. It is clear from the benchmarking work undertaken and that of work of the Consultant that there is scope to increase income and reduce the level of subsidy to this service. For this to be achieved we need to clearly identify the current income streams, whilst at the same time looking to address the current level of deficit. The opportunities to do this fall into the following main areas:

20. The revised charging policy will include:-

- Increase the cost of a dispersed alarm unit, options are outlined in Table 2 of this report for Members to consider. It is recommended that future increases will be made in consultation with the Portfolio Holder to recover costs and be within market tolerances.
- An installation charge of £30 per property.
- Increasing the cost of dispersed alarm units to some RSL's of 19 pence to 24 pence per week, with effect from 1 April 2009.
- Increasing the cost of undertaking rounds to sheltered housing schemes for RSL's from an average of £23 per round to £35 for planned cover and £50 for ad hoc arranged cover with less than seven days



notice be applied with effect from 1 April 2009.

- Applying internal recharges for the Out of Hours ASB service and to increase the cost from £6.75 to £7.08 per call with effect from 1 April 2009.
- Applying internal recharges to services using the lone worker service at a cost of £1.50 per week per employee.
- Agree to the marketing of new services, such as minimum invoice charging period; telecare respite services, lone working to external organisations and develop partnership working.

This is likely to generate additional income of £176,726 in a full year as part of the overall income. See Table 3 of this report.

## **Dispersed Alarms**

21. Current dispersed alarm charges for the Norwich Community Alarm Services are subsidised by approximately £81,845 year (2007/08) below market rates (£46,652 HRA and £35,193 GF) due to the current level of charging and includes customers who have a 50% discount as in receipt of some form of social benefit. Increasing the charge for alarms to better reflect the cost of the service would be in line with the Council's recent approach of recovering costs from the service user and not spreading it to those who do not directly use the service, together with reducing the overall gross subsidy of the service.
22. The average dispersed alarm charge of £1.87 does not include the equipment / servicing costs and is on a variable charge set many years ago. Currently customers pay:-
  - £2.15 for council residents,
  - £1.08 for those council residents on 50% subsidy and
  - £2.37 per week for all other customers outside the City Council area.
23. This charging policy was introduced in 1996 under the Council's Anti Poverty Strategy whereby council tenants and residents of Norwich on a means-tested benefit i.e. Housing Benefit, Council Tax Benefit receive a 50% discount on their alarm charge. Previous increases in DAU have been in line with percentage increase in rents and not market value of the product.
24. The number of customers currently receiving the discount is 46% of the total number of customers in receipt of a DAU service, which gives an income of £44,703 in 2007/08. (The remaining 54% is made of full paying customers who are either a NCC resident or outside of the NCC area).
25. The dispersed alarm unit forms part of a range of community support services which are available to members of the public, including meals on wheels and home care provision. In comparison the cost of a meal on wheel is £3.12 to all customers including those on benefit and the average hourly rate for home care is £13.79, which is means tested compared to the current full charges of £ 2.15 for a NCC resident for a dispersed alarm unit.

26. As part of the work undertaken by the Consultant, the service was benchmarked with other national and local providers, with a mean cost of £3.14 per unit in comparison to the unit cost of a dispersed alarm for NCC residents of £3.06 per week. The pricing comparisons of the cost of a dispersed alarm unit are illustrated in Table 1.

**Table 1- Pricing comparisons of benchmarked dispersed alarm units**

<b>Comparator</b>	<b>Cost per week</b>	<b>Notes</b>
<b>Norwich City Council</b>	<b>£2.15 / £1.08 /£2.37</b>	<b>Cost varies depending on status of tenant. No current installation charge.</b>
London Borough of Bromley	£3.54	Call handling subcontracted to Invicta
Easington District Council	£3.50	Response service included
Salisbury District Council	£4.03	None
Barrow Borough Council	£2.76	One off payment of £146.88
Ipswich Borough Council	£3.65	Installation charge £ 44.75
London Borough of Lambeth	£3.00	Installation charge of £5
Flagship Housing Association	£2.72	Installation charge of £25
Mid Suffolk District Council	£2.94	Installation charge of £25

Members are asked to approve an increase to the dispersed alarm unit cost for 2008/09, noting the range of options available which are illustrated in Table 2 below. Three options have been assessed. In summary, Option 1 would give an overall revised income of £166,620; Option 2 - £173,776 and Option 3 - £181,555. It is proposed that the revised charging policy would take effect from 1 April 2009 for all customers. Most customers would be exempt of paying VAT, and therefore all costs quoted are exclusive of VAT.

**Table 2. Proposed pricing structure of dispersed alarm units based on current volume.**

	Current DAU charges	Current number of connections	Current income	Increase pence per week	Proposed DAU increase charge	Additional income
<b>Option 1</b>						
NCC Residents-full rate	£2.15	666	£74,458	22 pence	£2.37	£7,619
NCC Residents-subsidised	£1.08	796	£44,703	11 pence	£1.19	£4,553
Others – full rate	£2.37	260	£32,042	24 pence	£2.61	£3,245
<b>Total income</b>			<b>£151,203</b>			<b>£15,417</b>
<b>Option 2</b>						
NCC Residents-full rate	£2.15	666	£74,458	32 pence	£2.47	£11,083
NCC Residents-subsidised	£1.08	796	£44,703	16 pence	£1.24	£6,623
Others – full rate	£2.37	260	£32,042	36 pence	£2.73	£4,867
<b>Total income</b>			<b>£151,203</b>			<b>£22,573</b>
<b>Option 3</b>						
NCC Residents-full rate	£2.15	666	£74,458	43 pence	£2.58	£14,892
NCC Residents-subsidised	£1.08	796	£44,703	22 pence	£1.30	£9,106
Others – full rate	£2.37	260	£32,042	47 pence	£2.84	£6,354
<b>Total income</b>			<b>£151,203</b>			<b>£30,352</b>

The financial implications of increasing charges and the development of new business, in relation to reducing the current level of subsidy are summarised in table 3.

**Table 3- Current and Estimated financial activity.**

Current financial activity 2008/09	Cost	Estimated financial activity- 2009/10	Cost
Staffing	£506,400	Staffing	£614,271
Services	£196,610	Services	£202,508
Sub total	<b>£703,010</b>	Sub total	<b>£816,779</b>
Fees & Charges Misc other	£393,100	Fees & Charges Misc other	£564,448*
CAS- Out of Hours recharge	£67,860	CAS- Out of Hours recharge	£73,238
Recharges	£99,200	Recharges	£102,176
<b>Net Expenditure/ Income</b>	<b>-£341,250</b>	<b>Net Expenditure/ Income</b>	<b>-£281,269</b>

Based on option 2 in table 2 Members will agree to Option 2.