

## **Introduction of a new pricing scheme for the telecare service delivered using digital technology**

### **Background**

The Public Switch Telephone Networks (PSTN) is scheduled to be switched off in January 2027 (pushed back from Summer 2025). Communications providers are migrating existing PSTN analogue networks to a new digital approach called Voice over IP Networks (VOIP). This is widely known as the Digital Switchover.

Systems and services connected to the telephone network like security alarms, telecare systems, CCTV, door entry systems, care technology and auto diallers may require upgrading and/or additional equipment to ensure service is maintained and equipment remains fully functional.

The Lifeline telecare service has approximately 4100 clients, most of whom are connected to the service via standard analogue telephone lines and analogue telecare units. Many clients have additional items linked to their telecare unit, such as smoke detectors, falls detectors and door sensors etc.

Suppliers of telecare units have stopped selling these analogue products, forcing customers to move to digital options. Digital options are more expensive because they also require a sim card to provide dual connectivity for resilience purposes. The mobile digital sim connection along with an inbuilt battery are used in the event of a power outage to retain connectivity.

Following work with equipment providers and the Telecare Services Association, we have identified approximately 300 units in use in the community at present that will require replacement prior to the digital switch.

The advice we have received suggests the remaining 3800 will operate through a digital network with some programming adjustments. These adjustments can in most circumstances be carried out remotely by the Telecare Teams.

### **Financial Implications - £1.537m over 5 years supported by borrowing**

The cost to provide a functioning unit for its 5-year life is now £395 as opposed to an analogue unit which previously cost us £99.

Annually we purchase approximately 440 units. This means the anticipated cost will rise from £43,560 to £173,800. However, by increasing the pricing connected with the service, the income received should cover the difference over the life of the product.

In order to fund the equipment requirements of the service it has been agreed to set up a capital fund.

Initially the service will be required to procure a larger volume of units. The annual purchase volume of 440 units is based on the recyclable nature of the units. As we will not be reusing items for new clients, but offering them onto a digital offer, we will be required to procure new units for every new client to begin with.

For 2025/6 – capital investment will be needed of £177,750.00. This will allow for the purchase of new equipment at the increased rate.

For 2026/7, it is anticipated that £474,000.00 will be required to manage the increased number of units needed to sustain normal demand but also allow BCP to swap out older analogue units which will not work when the digital switch happens.

For 2027/8 and 2028/9 it is expected the £355,500.00 will be required to manage the ongoing demand for Lifeline services.

From 2029/30 most of the client base will be using digital equipment, and a more consistent reduced number of units is anticipated. An expected £173,800.00 will be required moving forward.

The table below summarises the borrowing requirement and borrowing repayment over 5 years.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	Total £000
Borrowing requirement	178	474	356	356	174		1,537
Borrowing repayment		(45)	(121)	(91)	(91)	(44)	(392)

The borrowing repayment has been calculated assuming interest rates of 5.5% over a period of 5 years for each year amount borrowed.

The borrowing repayment will be covered from an uplift in fees each year beginning with 2026-27 to cover the borrowing required in 25-26.

In addition, during 26-27 there are plans to expand the telecare service into Christchurch which should increase client numbers and add to the income received covering the cost of borrowing. As of January, there are 4091 clients across Bournemouth and Poole, we do not know how many clients we would get from expanding into Christchurch, however if we received just 100 clients in one year at the lowest package we offer, this would give us £36,400 in additional income. If they chose the Mobile Response service, we would generate an additional £15,600 totalling £52,000.

In addition to this income the Adults Social Care team, since November, have been referring clients to the in-house telecare service within Bournemouth & Poole. From this referral process the service are experiencing a potential growth of 50 additional referrals a month. Of these 50, on average, 30 take up the service, which if they are choosing the monitoring package (cheapest), would generate £10,920 (£364x30) per year. If sustained, month on month, the income would be increasing by approximately £11k per month with the cheapest service option.

Therefore, the Prudential borrowing repayments can be covered by a combination of annual fee increases, expanding the service into Christchurch and the Adult social care referral service.