

## BABERGH DISTRICT COUNCIL

<b>From: The Housing Panel</b>	<b>Report Number: L144</b>
<b>To: STRATEGY COMMITTEE</b>	<b>Date of meeting: 9 February 2012</b>

### **SHELTERED HOUSING SERVICE ARRANGEMENTS AND CHARGES FOR 2012/13.**

#### **1. Purpose of Report**

- 1.1 This report updates Members about the Council's sheltered housing service and the proposed approach for dealing with the reductions in the Supporting People grant received from the County Council, including:
- A subsidy of £49k in 2012/13 from the Housing Revenue Account to maintain current service arrangements
  - The Joint Housing Board to consider the position further as part of the integration and transformation programme with Mid Suffolk
- 1.2 It also summarises the progressive steps the Council has undertaken to reduce its service costs following a fundamental review which it undertook in 2005 and the changes in service to tenants this Committee approved at its meeting on 10<sup>th</sup> February 2011.
- 1.3 The report also summarises the proposed service and energy/utility charges for those tenants in sheltered accommodation for 2012/13.

#### **2. Recommendations**

- 2.1 That the continuation of the current sheltered housing service arrangements as summarised in paragraphs 8.4 to 8.5 of this report be approved and a subsidy of £49k (subject to recommendation 2.2) that is required from the Housing Revenue Account to maintain these service levels during 2012/13 subject to further review by the Joint Housing Board of the arrangements for future years.
- 2.2 That the Housing Panel's recommendations as detailed in Appendix A on service and energy/utility charges for 2012/13 be approved:
- Accommodation based service charges are reduced by 5%.
  - The Energy/Utility charge increases are to be capped at 2%.

The Committee is asked to make the above recommendations as part of the Housing Revenue Account Business Plan and Budget proposals submitted to Council in February.

### 3. Financial Implications

- 3.1 Committee is reminded that *Supporting People* grant has been paid to the Council since 2003 to support the costs associated with providing its sheltered housing service. Suffolk County Council, who administers this grant, announced in 2009 that the grant would be reduced over a two year period. It has reduced by £100k in 2011/12.
- 3.2 The grant the Council receives will reduce further from £174k in 2011/12 to just £76k in 2012/13 (excluding the very sheltered schemes). This is a reduction of £98k or nearly 60% in real terms. The Council will also receive £17k in income from its tenants who are self payers. However, this combined income of £93k is still insufficient to meet the service costs in 2012/13.
- 3.3 The changes to the service which were introduced in 2011, and which are summarised in paragraphs 8.4 and 8.5 of this report, has allowed the Council to manage the initial grant reductions in 2011/12 within budget.
- 3.4 However, the second phase of the planned grant reductions for 2012/13 places the Council in an extremely challenging situation of ensuring it has sufficient funding and staffing capacity to deliver an effective service which meets the needs of its tenants. The Housing Panel has considered the options available to the Council and is recommending that no changes are made to the service in 2012/13. This decision, if approved, would result in an annual deficit of £49k in the Council's funding which will require a subsidy from the Housing Revenue Account and which has been built into the Draft 2012/13 Budget.
- 3.5 The reforms of the HRA, which becomes effective in April 2012, will improve the position of the Council's housing finances and the proposed subsidy will not have a detrimental effect on other important commitments the Council has already made to its tenants.
- 3.6 Other aspects of the sheltered services and budget are also summarised in the report. These relate to the recovery of heating and lighting costs and the communal service charges.

### 4. Risk Management

- 4.1 This report is most closely linked with the Council's Corporate / Significant Business Risks. These are Risk 2: Efficiencies and Savings and Risk 6: Performance and Cost Management and the outcomes are detailed below:

Risk Description	Likelihood	Impact	Mitigation Measures
The use of ongoing subsidy from the HRA places other agreed programmes at risk	Low	Marginal	There should be sufficient funding within the HRA to support a subsidy. The reforms of the HRA will increase the funding available to the Council and will offset the impact on existing programmes.

			The integration of sheltered housing with Mid Suffolk will also provide the opportunity to assess whether a joint service can realise any future efficiency/cost savings.
The service charge increases are insufficient to cover the Council's costs	Low	Marginal	The proposed costs are based on the consumption level of utilities, latest information on costs and prices from energy suppliers.

## 5. Consultations

- 5.1 The issues have been subject to detailed consultation. Officers have worked very closely both with its Tenants Forum and Sheltered Tenants Forum in the formulation of plans to change the way in which sheltered services are delivered. The Tenants Forum has also been advised about the proposed increases to service charges and their views will be reported verbally to Committee.
- 5.2 Officers have informed both these groups that it believes that further service reductions cannot be made without a significant risk to the well being of tenants and the reputation of the Council. Officers have been advised that any further service reductions would be strongly opposed even though both tenant groups acknowledge that subsidising lost income will have some impact on future HRA programmes.
- 5.3 It is important that the Council continues to work with tenant groups and other stakeholders as it responds to the broader issues affecting older people. Sheltered housing is an important aspect to future plans but it is also important that the Council ensures a more structured and coordinated approach which addresses the changing expectations of older people for more flexible and complementary types of service arrangements which can be delivered in partnership with others. This work has already started. Working with the County Council under a model they have termed *Suffolk Flexicare* and other recognised groups who support older people within Suffolk, we will try to ensure that any gaps in service which result from funding reductions can be addressed.

## 6. Equality Analysis

- 6.1 A detailed Equality Impact Assessment was completed when officers carried out their review of the service in 2011. This assessment concluded that the impact of changes to the service on tenants was likely to be both high and negative. Following consultation with its tenants, the Council carried out its second stage review and introduced a number of measures to lessen these risks.
- 6.2 We are not recommending any further reductions in service. We have reviewed our earlier equality assessments and do not believe any further changes are necessary.

## **7. Shared Service / Partnership Implications**

- 7.1 The impact of Supporting People grant reductions has not had the same impact on all of the 16 providers of sheltered housing within Suffolk. The way in which budgets are constructed and costs recovered, has resulted in some landlords being only marginally affected by the changes whilst others have seen significant reductions in the grant they receive. Providers have generally responded to this situation differently based on what they can afford and through a process of consultation with their tenants. Babergh and Mid Suffolk have, therefore, adopted a different approach to this challenge.
- 7.2 The Council began its review of sheltered housing provision in 2005. A ten-year plan was developed which aimed to gradually reduce the number of unpopular and “hard to let” flats. In this time it has re-let 50 flats to people who do not require a sheltered housing service. The Council therefore been able to reduce staffing numbers significantly over this period.
- 7.3 The Council is also actively exploring other ways of offsetting the impact of these changes by working with groups such as Age UK and Suffolk Circle who deliver complementary services people really value and help them to be independent. This means the Council is well prepared to respond to this challenging financial situation.
- 7.4 Mid Suffolk have 24 sheltered schemes (almost twice as many as Babergh). They have also been required to reduce staff numbers significantly however and have adopted a service model where an individual warden covers a number of schemes. This arrangement increases the number of tenants each member of staff support but means each tenant receives a daily visit. The same approach could be adopted in Babergh but plans to achieve this require further development.
- 7.5 The fact that both Councils’ sheltered housing arrangements are delivered differently now, is not an obstacle to service integration. However ongoing discussions will be required to agree which model best fits what must be a fully integrated approach amongst organisations and service providers, and which responds effectively to the needs and aspirations of an ageing society.

## **8. Key Information**

### **Sheltered housing services**

- 8.1 The changes to the service in recent years (excluding the Council’s two Very Sheltered services, which are subject to different service arrangements) are summarised in paragraphs 8.4 and 8.5 below and this has allowed the service to be provided within reducing budgets to date and with a marginal impact on its tenants. However, because the Council has to contend with a huge grant reduction from April 2012, it was agreed that the Housing Panel would review the position, develop any further proposals and report back to Committee.
- 8.2 Report K200 (Appendix A) which was presented to this Committee on 10<sup>th</sup> February 2011 outlined changes in the way in which the County Council intended to reduce the level of funding to providers of sheltered housing services over a two year period starting in 2011.

- 8.3 Committee was informed that the grant reductions were severe and that the Council would have to make very significant further changes to the way in which services were provided within the available budget in the future. Supporting People grant from April 2012 will be just £6 per tenant each week (for 52 weeks). This equates approximately to 30 minutes of support for each tenant.
- 8.4 The Council has consulted with its tenants and developed plans which allowed it to retain the core sheltered service at its four largest schemes.
- 8.5 However, it has reduced the visiting support to its eight smaller, predominantly rural, schemes. Residents now receive a visit by their Scheme Manager three days instead of five days a week. However, those tenants who are vulnerable receive additional support. This targeted approach is responsive to the tenants' support needs and has been very successful in helping tenants to deal with shorter term periods of crisis. This includes situations where a tenant has been ill or where they have been discharged from hospital.
- 8.6 These new arrangements have been monitored throughout the year. Tenants and staff have now had time to adjust to these changes. Both are reporting that the new arrangements have worked well. Those tenants who have substantial needs continue to receive a full service. Staff have also more opportunity to develop relationship with their tenants and have been able to commit more time to social activities within the schemes and to coordinate some of the new services which are offered by the Council's partner agencies. Officers are confident that no tenant has suffered detriment or harm as a direct result of the service reductions. Furthermore, there have been no substantive complaints or concerns from any tenant or organisation about the operation of the new service arrangements.
- 8.7 Members were made aware in Paper K200, however, that the holding position for 2011 would need to be reviewed by the Housing Panel and reported back to this Committee.
- 8.8 The following options have been considered:
- Reducing the service dramatically from the 1 April 2012
  - Reviewing charges to tenants to reflect estimated and actual costs.
  - Subsidising the support service provided and reviewing the future service and its cost further as part of the integration of the Council Housing service with Mid Suffolk.
- 8.9 The Housing Panel does not believe that the Council can continue to operate a sheltered housing service to 12 schemes and comprising 374 tenants by reducing the number of staff directly employed any further. The Council has already made substantive savings, reducing staffing numbers from 24 to just 11 (comprising just 7.5 Full Time Equivalents) in the last five years and further cuts will have a serious and very negative impact on tenants. Other landlords within Suffolk who have been affected by these changes have confirmed that they will also be maintaining their sheltered housing service by using similar subsidy arrangements.
- 8.10 Further details on the review of charges and the potential remaining subsidy to be met by the HRA are detailed in the following sections.

## Utility charges

- 8.11 The Council purchases gas and electricity through the countywide purchasing consortium to ensure it receives the most preferential rates possible. The cost of oil (which is supplied to three sheltered schemes) is negotiated by analysing the cheapest supplier whenever new supplies are required.
- 8.12 These arrangements make the Council less vulnerable to the volatile and fluctuating commodity market which affects most other consumers but prices have continued to rise and remain uncertain for the future. The contract is reviewed annually in October, at which point the price the Council has to pay is guaranteed for the next 12 months. The average increase in October 2011 was 14% on gas and electricity and 18% for oil. Officers had already anticipated part this as part of the budget exercise for 2011/12 and are predicting an overall increase in the cost of heat light and power to be 9% from October 2012. Further scrutiny of these budgets has resulted in a cap on the increase in charges to tenants of 2% for 2012/13.
- 8.12 The Council monitors its usage of these utilities very carefully and has in place energy management systems within the sheltered schemes. It is too early to predict whether prices have peaked and will now begin to fall. Officers will keep their purchasing arrangements under careful review.

## Communal service charges

- 8.13 Supporting People grant for 2012/13 has been confirmed at £6.50 per tenant per week (for 48 weeks), which is part of the overall service charge to tenants.
- 8.14 A review of the arrangements for recovering the other charging elements within sheltered accommodation, and which includes the cost of gardening services, cleaning and alarm expenditure has been undertaken and this has concluded that these charges should be reduced by 5%.

## Conclusions

- 8.16 When Members considered Paper K200 a year ago, they were concerned about the prospects of further service changes/reductions and it is likely that further charges to tenants will be seen as undesirable. The Housing Panel therefore believes that subsidising the cost of the service from the HRA in 2012/13 and possibly on an ongoing basis is the only viable option open to the Council at this point in time to deal with the challenging financial arrangements that will be implemented in April 2012.
- 8.17 It also supports the outcome of the review of the communal service charges element and the proposals in relation to this.

## 9. Appendices

Title	Location
<b>A – Proposed HRA charges 2012/13</b>	Attached

## 10. Background Documents

### 10.1 None

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**Service charges - incorporating Accommodation and Supporting People charges**

	Supporting People	Accommodation	2011/12 Total Service Charge (48 weeks)	Supporting People	Accommodation	2012/13 Total Service Charge (48 weeks)
<b>Sheltered Accommodation</b>						
<b>Very Sheltered Accommodation</b>						
William Wood House	37.92	22.34	60.26	0.00	24.16	24.16
Sydney Brown Court	36.84	21.92	58.76	0.00	18.85	18.85
This accommodation is managed by Orwell Housing who will contract directly with residents for support costs from 2012/13						
<b>Other Sheltered Accommodation</b>						
Steeds Meadow	15.82	5.36	21.18	6.50	9.76	16.26
Elizabeth Court	15.82	5.63	21.45	6.50	11.46	17.96
Playford Court inc Grimwood Corner	15.82	4.64	20.46	6.50	10.82	17.32
Springlands	15.82	4.08	19.90	6.50	7.31	13.81
Tenterpiece	9.49	6.85	16.34	6.50	6.34	12.84
Parkers Way	9.49	5.70	15.19	6.50	6.45	12.95
Hill House	9.49	7.40	16.89	6.50	8.95	15.45
Clover Court	9.49	6.99	16.48	6.50	7.16	13.66
Samford Close	9.49	10.36	19.85	6.50	7.98	14.48
Ash Street	9.49	5.33	14.82	6.50	8.43	14.93
Spring Street	9.49	6.24	15.73	6.50	7.47	13.97
<b>Hadleigh Central</b>						
Newell Court	9.49	2.21	11.70	6.50	} 7.08 }	} 13.58 }
Gayford Court	9.49	3.75	13.24	6.50		
Angel Street	9.49	13.38	22.87	6.50		
Taylor Close	9.49	5.31	14.80	6.50		
Inkerman Terrace	9.49	7.08	16.57	6.50		
Bradfield Avenue	9.49	6.25	15.74	6.50		
<b>Service Charges</b>						
Old School House, Hadleigh:						
- 1 person unit	-	26.55	26.55			26.55
- 2 person unit	-	29.79	29.79			29.79

			2011/12 Total Light & Heat Charge			2012/13 Total Light & Heat Charge
	Private Rooms	Communal Areas		Private Rooms	Communal Areas	
- Level One Bedsits (Very Sheltered Accommodation)	10.36	3.55	13.91	10.57	3.62	14.19
- Level One Non-Bedsits (Very Sheltered Accommodation)	20.71	7.14	27.85	21.12	7.28	28.40
- Level Two Bedsits (Sheltered Accommodation)	7.52	2.34	9.86	7.67	2.39	10.06
- Level Two Non-Bedsits (Sheltered Accommodation)	15.07	4.70	19.77	15.37	4.80	20.17
- Level Three, where applicable, Bedsits (Sheltered Accommodation)	8.34	0.75	9.08	8.50	0.76	9.26
- Level Three, where applicable, Non-Bedsits (Sheltered Accommodation)	16.67	1.53	18.21	17.01	1.56	18.57
<b>Old School House</b>						
- 1 person unit	8.68	2.89	11.57	8.85	2.95	11.81
- 2 person unit	9.74	3.24	12.99	9.94	3.31	13.25

	2011/12	2012/13
<b>Furnishing Charges</b>		
<u>Homeless Units</u>		
- 1 Person Unit	5.17	5.17
- 2 Person Unit	6.20	6.20
<b>Garage Rents</b>		
Garages casually let to council tenants	6.57	6.95
Garages casually let to private tenants	8.36	8.85