

**AGENDA ITEM: 12**

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Meeting	Cabinet Resources Committee
Date	27 September 2011
<b>Subject</b>	<b>The introduction of enhanced housing management charges for sheltered housing</b>
Report of	Cabinet Member for Housing
Summary	Following earlier decisions to end funding of the warden support service to sheltered housing tenants, a new enhanced housing management service will be provided by Barnet Homes, the cost of which will be met through a new service charge to tenants. This is at a lower rate than the former support charge and is eligible for housing benefit purposes. Charges will be raised on tenants rent accounts to meet the costs of the new service

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Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendices: 1. Sheltered housing - impact on HRA 2. Sheltered Housing and Sheltered Plus Costs and service charges 3. Transitional protection
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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## **1. RECOMMENDATION**

- 1.1 The service charges for enhanced housing management of sheltered housing and for sheltered plus at Gadsbury Close NW9 as set out in appendix 2 to the report be approved; to be reviewed annually along with rents and other service charges.**
- 1.2 The Interim Director of Environment Planning and Regeneration is authorised to agree a revised management fee with Barnet Homes as set out in 6.4 below.**
- 1.3 Protection from the enhanced housing management service charge and the alarm charge should continue to be funded from the Housing Revenue Account as set out in appendix 3 to the report.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet, 8<sup>th</sup> June 2009, Decision Item 5, Sheltered Housing Services – agreed proposals to remodel sheltered housing
- 2.2 Cabinet, 3<sup>rd</sup> February 2010, Decision Item 5 – Sheltered Housing Services – noted the outcome from the Judicial Review which quashed the 8<sup>th</sup> June 2009 decision and instructed officers to look at further options and undertake equality impact assessments of those options
- 2.3 Cabinet, 20<sup>th</sup> October 2010, Decision Item 6 - having considered the four options outlined in the report and in particular the Equalities Impact Assessment on each, option 3 with option 4 be developed into a full business case for change in consultation with stakeholders.
- 2.4 Cabinet, 20<sup>th</sup> October 2010, Decision Item 5 - Report of the Business Management Overview and Scrutiny Sub-Committee– service options for remodelling older people's housing and support. Resolved that the recommendations of the Task and Finish Group be approved as submitted.
- 2.5 Cabinet, 13<sup>th</sup> December 2010, Decision Item 5 - agreed budget headlines for consultation including reductions of £150,000 in 2011/2 and 2012/3 in respect of expenditure on sheltered housing.
- 2.6 Cabinet Resources Committee, 13<sup>th</sup> January 2011, Decision Item 11 - agreed that requirements of paragraph 5.6.2 of the Contract Procedure Rules be waived to allow the extension of the contracts for services in receipt of housing related support services funding, (Sheltered Housing £1.1m) subject to a maximum duration of one year. In order to ensure capability to implement budget savings and manage procurement projects efficiently, proposed contract extensions will specify a reduced notice period of three months, consistent with national Compact guidance concerning relationships with the voluntary sector.
- 2.7 Cabinet, 14<sup>th</sup> February 2011, Decision item 5A – agreed the Business Case for the development of Sheltered Plus Services and the Menu of Charged Services as set out at Appendix 1 to the Cabinet Member's report and that officers work with service providers to develop Sheltered Plus Services and the Menu of Charged Services for implementation. The Director of Adult Social Care and Health, in consultation with the Assistant Director Housing (Acting) was authorised to develop an allocations policy for the Sheltered Plus sites.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Council's decision to develop sheltered plus promotes the Corporate Plan priorities of 'Better Services with Less Money', 'Sharing Opportunities and Sharing Responsibilities' and a 'Successful London Suburb'. These are achieved by targeting the council's investment to focus on those with substantial or critical needs, developing sheltered plus services that recognises the needs and aspirations of Barnet's older residents and re-configuring funding of sheltered housing services.
- 3.2 The Housing Strategy approved by Cabinet in April 2010 contains priorities to reduce the amount of Sheltered Housing for rent but increase other provision including Sheltered Plus and Extra Care housing.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 The Department of Work and Pensions has recently started a review into housing benefit payable to people living in supported housing including sheltered accommodation. The consultation includes proposals for a flat rate of local housing allowance which would recognise that such housing has additional costs because of the need for additional management services and higher levels of wear and tear.
- 4.2 The consultation document sets out a series of options about how these additional costs could be met. These include setting an enhanced local housing allowance rate, by allowing people to have an extra room or by basing it on 'a broad average of actual costs'. It also recognises that there could be 'a separate rate for different types of accommodation ...to reflect their particular costs'.
- 4.3 The consultation which closes in October 2011 is set in the context of the introduction of Universal Credit which will be in place in 2013. Transitional arrangements will be put in place should any changes be introduced.
- 4.4 Changes to the housing benefits framework for supported housing are unlikely to adversely affect sheltered housing as the overall cost of provision is low when compared to other types of supported housing. Any changes to the system are also likely to be phased in and may not impact on existing arrangements.
- 4.5 An application for judicial review of the Council's earlier decisions regarding sheltered housing and the service to tenants has been made by a resident of the Council's sheltered housing schemes.
- 4.6 The Council has asked the Court to dismiss the claim and this will be considered during September/October 2011. Whilst this does not prevent or delay implementing the new service and service charge there is a risk that should the application be successful the new service could not operate as envisaged.
- 4.7 Responsibility for the cost of transferring resident staff to new contracts has yet to be agreed with Barnet Homes. Regardless of how these costs are met there is a risk that negotiations with staff members are protracted.
- 4.8 The costs shown in section 6.0 below assume that there are no long term voids in the resident scheme manager's accommodation (within or adjacent to schemes). There is a risk that their size and location may restrict the future use.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 A full and detailed EIA was undertaken and considered by Cabinet on 14<sup>th</sup> February 2011. This acknowledged that the changes to sheltered housing funding would have an adverse impact on the well being and satisfaction of some sheltered housing residents with the protected characteristics defined in the Equality Act 2010. To mitigate the impact the council undertook to work with and encourage sheltered housing providers to find ways to keep on site staff within sheltered schemes by enhancing the housing management service. Cabinet also agreed proposals for Sheltered Plus which will have a positive impact on all older people.
- 5.2 76% of the Council's sheltered housing tenants are in receipt of full housing benefits and will receive housing benefit to cover the new service charge. Some tenants who did not qualify for help through housing benefit may now qualify as their housing costs have increased. For other self payers the charge is considerably lower than the former housing support charge. Transitional protection from the service charge will continue for those tenancies which began prior to April 2003.

Sheltered housing tenants	Tenants in receipt of housing benefits	Transitional protection	Self payers
438	330	53	55

- 5.3 Barnet Homes is setting up processes to ensure that tenants who may require additional care or support are referred to appropriate services, such as ASSIST for Telecare options, Barnet Homes Housing Support service and other support services including those accessed through Adult Social Care and Health.

## 6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The cost of providing the re-configured service will be re-charged through a new service charge. This will be collected by Barnet Homes under the management agreement.
- 6.2 For sheltered housing the new weekly service charge with effect from the end of October 2011 will be £19.15 (plus £1.50 existing service charge) and for the sheltered plus scheme at Gadsbury Close £26.75 (plus £1.50 existing service charge).
- 6.2 Staff members will no longer be residential and the out of hour's service will be provided by Barnet Homes Assist Service. Staff will therefore be transferred onto non-residential contracts and re-located to alternative accommodation (as required through their current employment contracts). It is envisaged that this will take place by April 2012. The accommodation costs have been excluded from the service charge and the short term costs of providing the service whilst scheme managers continue to be resident will be met from the housing revenue account (HRA). This cost should not exceed £29,250 (£58,500 full year).
- 6.3 The table at appendix 1 shows the impact on the housing revenue account following introduction of the new service charge and withdrawal of social services funding for sheltered housing services. As the charges will not be introduced until end of October and the former SP contract ends on 1<sup>st</sup> October 2011 there will be a loss of income for that period.
- 6.4 The overall anticipated loss of income in 2011/12 is £108,880 and in 2012/13 £147,265. It is expected that this could be contained within the HRA as latest forecasts are predicting a surplus in 2011/12. This will need to be reviewed when setting the HRA budget for

2012/13. Officers will also carry out further work to review the management fee paid to Barnet Homes with a view to agreeing a reduction in the fee to reflect the new service and balance the costs associated with residential staff moving to new non-residential contracts.

## **6.5 Transitional protection from charges**

- 6.6 At the introduction of the support charge arrangements in 2003 local authorities were required to provide transitional protection for tenants of sheltered and alarm assisted housing who were not eligible for assistance through supporting people grant and where such tenancies had started prior to April 2003. There were originally 145 sheltered housing tenancies covered by the protection and this remains in place for 53 sheltered tenancies and a further 48 alarm assisted tenancies. The annual cost of the protection is approximately £50,000 (including alarm costs) and is met from the HRA.
- 6.7 Some tenants may no longer require transitional protection as they may qualify for help through housing benefits since their housing costs have increased (as support costs have been replaced by enhanced housing management services). It is not possible to predict the number of tenants that would not qualify and would therefore be required to pay the new service charge in full should the protection from the charge end.
- 6.8 As the number of tenancies qualifying for the protection is reducing and is predicted to reduce to approximately £26,000 pa by 2015 and nil by 2017 it is proposed that tenants currently in receipt of protection from the support and alarm service charge should continue to be protected.

## **7. LEGAL ISSUES**

- 7.1 In compliance with section 105 of the Housing Act 1985 consultation on the changes to sheltered housing was carried out between November 2010 and 27 January 2011 the outcome of which was considered by officers in the report agreed by Cabinet on 14<sup>th</sup> February 2011.
- 7.2 Tenants of Gadsbury Close were also consulted during July 2011 about plans to provide 'Sheltered Plus' services at the scheme. There was a high level of support and interest from tenants, families and carers and all of the residents supported the proposals.
- 7.3 Under section 102 of the Housing Act 1985 the Council will write to sheltered housing tenants giving 28 days notice of the new service and the charge.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states that the functions of the Cabinet Resources Committee includes looking at income sources and charging policies and all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

## **9. BACKGROUND INFORMATION**

- 9.1 The council currently owns 17 sheltered schemes providing 438 sheltered units which are managed by Barnet Homes through a staff team comprising of 2 Senior Sheltered Housing Officers and 9 Sheltered Housing Officers. 9 of these officers are currently residential living at or adjacent to the scheme that they manage. Residential officers also

cover more than one sheltered housing scheme and provide out of hours cover in lieu of accommodation costs.

- 9.2 Following the cabinet decision of 14<sup>th</sup> February proposals have been developed to provide a management service to tenants but without the support element previously funded through Supporting People. Barnet Homes will provide an enhanced housing management service to tenants in sheltered housing to be funded through a new service charge which will be eligible for Housing Benefits.
- 9.3 Although the personal support element of the service is being withdrawn the management service provided will ensure security of the scheme and safeguard residents by providing an on site presence during working hours. They will maintain daily contact with residents and ensure that they are able to access appropriate support services and make full use of the schemes facilities.
- 9.4 The costs of providing the service are set out in appendix 2 attached. Housing benefits have been consulted and have agreed that the new weekly service charges are eligible for housing benefits and are at a reasonable level.
- 9.5 The service will be provided by the existing staff members and their job descriptions have been revised to reflect their new duties. Staff members will no longer be required to be residential and the out of hour's service will be provided by Barnet Homes Assist Service.

9.6 **Sheltered Plus**

The sheltered housing scheme at Gadsbury Close NW9 has been selected to become one of the council's sheltered plus schemes. This will require full time (9.00 am to 5.00 pm) enhanced housing management because of the increased vulnerability of the tenants who live at Gadsbury Close and the service charges for this scheme are therefore at a higher level. The costs and service charge are set out in appendix 2.

**10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal: JK  
Finance: JH

## Appendix 1 Sheltered Housing Changes: Impact on HRA

	09/10 Actual	10/11 Actual	11/12 Fcst	12/13 Fcst
Sheltered Housing Fees (incl Alarm)	670,310	665,201	502,906	416,472
Less: Contra for SP eligibility	(548,963)	(544,756)	(281,114)	0
Less: Contra for Transitional Protection	(97,370)	(86,565)	(60,307)	(48,718)
Less: Sheltered Voids	(23,309)	(22,048)	(14,546)	(13,804)
	668	11,833	146,939	353,950
Sheltered Housing Only (excl Alarm)	614	10,875	146,983	353,950
Add: Supporting People Income (excl Alarm)	473,984	490,340	245,353	0
Total Income to HRA	<b>474,598</b>	<b>501,215</b>	<b>392,335</b>	<b>353,950</b>

Proposed Enhanced Service Charge - Sheltered

£19.15

Proposed Enhanced Service Charge - Sheltered Plus

£26.75

### Assumptions

1. The figures do not reflect any consequent change in Barnet Homes Management Fee
2. Transitional protection will continue
3. SHO units are fully re-let (10/11 rent and s/c income: £50,806). Any voids would impact on HRA income
4. The 11/12 forecast assumes no fees charged in October as there is no Supporting People income
5. 12/13 Forecast void %'s based on 10/11 actuals (3.3%)

### Notes

1. SHO's do not pay rent and Council Tax in lieu of Out of Hours duties. However BH pay rent and service charge into the HRA on their behalf
2. Supporting People income ends in Sept 2011
3. Actual figures taken from HRD (dwellings) Control Account

**Appendix 2. Sheltered Housing and Sheltered Plus Costs and service charges**

<b>Sheltered Housing</b>	<b>SHO (non residential)</b>	<b>SSHO (non residential)</b>
Salary including pension/NIC	£34,635	£40,210
Telephone costs	£600	£600
Car mileage	£180	£180
Travel expenses	£180	£180
<b>Sub Total</b>	<b>£35,595</b>	<b>£41,170</b>
No of officers	9	2
<b>Total</b>	<b>£320,355</b>	<b>£82,340</b>
<b>Grand total</b>		<b>£402,695</b>
<b>Cost per unit (438)</b>		<b>£919.39</b>
<b>Weekly charge (48 weeks)</b>		<b>£19.15</b>
<b>Sheltered Plus</b>	<b>SHO (non residential)</b>	
Salary including pension/NIC x 40%	£34,635	
No of officers	0.40	
<b>Total</b>	<b>£13,854</b>	
<b>Cost per unit (38)</b>	<b>£364.58</b>	
<b>Sheltered plus weekly charge (48 weeks)</b>	<b>£7.60</b>	
<b>EHM Service charge</b>	<b>19.15</b>	
<b>Gadsbury total weekly s/c</b>	<b>£26.75</b>	



### Appendix 3. Transitional Protection

Sheltered - EHM	Service charge	Amount of TP	No of sh.hsg tenants	Annual cost	Weekly cost
	(£)	(£)		(£)	(£)
01/10/11	19.15	19.15	53	20,299	1,015
01/04/12	19.15	19.15	45	41,364	862
01/04/13	19.15	19.15	38	34,930	728
01/04/14	19.15	19.15	32	29,414	613
01/04/15	19.15	19.15	22	20,222	421
01/04/16	19.15	19.15	12	11,030	230
01/04/17	19.15	19.15	0	0	0
Sheltered - Alarm Charge	Alarm charge	Amount of TP	No of sh.hsg tenants	Annual cost	Weekly cost
	(£)	(£)		(£)	(£)
01/10/11	2.49	2.49	53	2,639	132
01/04/12	2.49	2.49	45	5,378	112
01/04/13	2.49	2.49	38	4,542	95
01/04/14	2.49	2.49	32	3,825	80
01/04/15	2.49	2.49	22	2,629	55
01/04/16	2.49	2.49	12	1,434	30
01/04/17	2.49	2.49	0	0	0
Alarm assisted properties (former sheltered)	Alarm charge	Amount of TP	No of sh.hsg tenants	Annual cost	Weekly cost
	(£)	(£)		(£)	(£)
01/10/11	2.49	2.49	48	2,390	120
01/04/12	2.49	2.49	38	4,542	95
01/04/13	2.49	2.49	28	3,347	70
01/04/14	2.49	2.49	18	2,151	45
01/04/15	2.49	2.49	10	1,195	25
01/04/16	2.49	2.49	0	0	0