

## SHEFFIELD CITY COUNCIL



## Individual Cabinet Member Report\*

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**Report of:** Lorraine Manley Executive Director for Communities

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**Report to:** Cabinet Member for Housing

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**Date:** 14 September 2015

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**Subject:** Implementation of a new Sheltered Housing Service Charge to mitigate the impact of withdrawal of Housing Related Support Subsidy

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**Author of Report:** Rhian Owen

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**Key Decision:** YES

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**Reason Key Decision:** Affects 2 or more wards\*

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**Summary:**

The Council Housing Service operates 31 sheltered schemes providing accommodation with support for tenant's in 1152 properties. These include significant numbers of vulnerable people who would be unable to live independently without the additional support and reassurance that sheltered housing offers.

Following the introduction of the Supporting People programme in 2003 the housing related support and City Wide Care Alarm service provided in Sheltered Housing have been subsidised for those tenants who are eligible for housing benefit. The government no longer pays a Supporting People grant to local authorities and the funding provided for housing related support has been substantially cut and is no longer ring fenced. This has had a significant impact on the Councils ability to continue to fund housing related support services.

In March 2014 the Cabinet Member for Health, Care and Independent Living agreed a new Housing Related Support Subsidy Policy which provided that long term housing related support services, including the warden and alarm services in sheltered housing, should not be subsidised.

This report seeks agreement to implement a new charging model for the Council's Sheltered Housing Service, and to levy the new service charges described in the report when tenants have been given 28 days' notice of those charges.

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### **Reasons for Recommendations:**

The proposal to implement a new Sheltered Housing service charge will:

1. Ensure that the Sheltered Housing service remains viable as a supported housing service
  2. Mitigate the impact of the decision in March 2014 to end Housing related support subsidy for Sheltered Housing services from June 2014
  3. Mitigate the impact on the Housing Revenue Account ( HRA)
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### **Recommendations:**

It is recommended that the Cabinet Member for Homes and Neighbourhoods:

1. Agrees to the implementation of a new charging model for the Council's Sheltered Housing as described in this report;
  2. Approves the levels of service charge set out in the report, to be levied with effect from x 2015 or as soon as possible thereafter subject to the tenants first having been given 28 days' notice of the charges.
  3. Notes that a further report regarding heating charges will be presented in due course.
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### **Background Papers:**

Appendix 1 – Results of tenants consultation on proposed charges  
Appendix 2 – Equality Impact Assessment

**Category of Report:        OPEN**

**If CLOSED add 'Not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'**

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\* Delete as appropriate

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Karen Jones
<b>Legal Implications</b>
YES Cleared by: Andrea Simpson
<b>Equality of Opportunity Implications</b>
Yes Cleared by: Phil Reid
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human Rights Implications</b>
NO
<b>Environmental and Sustainability implications</b>
NO
<b>Economic Impact</b>
NO
<b>Community Safety Implications</b>
NO
<b>Human Resources Implications</b>
NO
<b>Property Implications</b>
NO
<b>Area(s) Affected</b>
City Wide Sheltered Housing Schemes
<b>Relevant Cabinet Portfolio Lead</b>
Cabinet Member for Housing
<b>Relevant Scrutiny Committee</b>
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press Release</b>

YES A press release will be prepared for when the decision is made

# REPORT TO THE CABINET MEMBER FOR HOMES AND NEIGHBOURHOODS

## INTRODUCTION OF NEW SHELTERED HOUSING SERVICE CHARGE

### 1.0 SUMMARY

- 1.1 The Council Housing Service operates 31 sheltered schemes providing accommodation with support for tenants in 1152 properties. These include significant numbers of vulnerable people who would be unable to live independently without the additional support and reassurance that sheltered housing offers.
- 1.2 Following the introduction of the Supporting People programme in 2003 the housing related support and City Wide Care Alarm service provided in Sheltered Housing have been subsidised for those tenants who are eligible for housing benefit. The government no longer pays a Supporting People grant to local authorities and the funding provided for housing related support has been substantially cut and is no longer ring fenced. This has had a significant impact on the Councils ability to continue to fund housing related support services.
- 1.3 In March 2014 the Cabinet Member for Health, Care and Independent Living agreed a new Housing Related Support Subsidy Policy which provided that long term housing related support services, including the warden and alarm services in sheltered housing, should not be subsidised.
- 1.4 This report seeks agreement to implement a new charging model for the Councils Sheltered Housing Service and to levy the new service charges described in the report when tenants have been given 28 days' notice of those charges.

### 2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The implementation of a new charging structure will mean that housing management services that are additional to those delivered in main stream housing are charged for.
- 2.2 The proposed new Sheltered Housing charges will impact on all tenants living in sheltered housing as everyone, including those tenants currently receiving "transitional protection", will have to pay the full charge for the City Wide Care Alarm service and a contribution towards the cost of warden support. Neither of these is an eligible charge for housing benefit.
- 2.3 However, a significant part of the enhanced housing management charge is eligible for housing benefit, which will mitigate the impact on the majority of tenants currently living in sheltered housing, and tenants who currently receive "transitional protection" have been offered trial

calculations to reassess whether they qualify for housing benefit.

- 2.4 Tenants who have difficulty paying the new proposed new charge have been offered advice and support to optimise household income.

### **3. OUTCOME AND SUSTAINABILITY**

- 3.1 The implementation of a new Sheltered Housing charge will ensure that Sheffield City Council is able to continue to deliver a Sheltered Housing service which provides an alternative choice of accommodation for older people, which supports and promotes independence, health and wellbeing.

### **4.0 MAIN BODY OF THE REPORT**

- 4.1 In March 2014 the Cabinet Member for Health, Care and Independent Living agreed a new Housing Related Support Subsidy Policy which provided that long term housing related support services, including the warden and alarm services in sheltered housing, should not be subsidised. To allow time for consultation and service remodelling before any impact to tenants, housing related support subsidy to sheltered housing would be reduced by 50% for the period from July 2014 to March 2015 and ended altogether from April 2015. This report sets out proposals for the future role and funding arrangements for the Council's Sheltered Housing Service following that decision.
- 4.2 Following consultation with sheltered tenants between June and August 2014, it is proposed to introduce a new sheltered housing charge. A large proportion of this proposed charge is for housing management services and therefore will be an eligible charge for housing benefit.
- 4.3
- The Council has 1152 sheltered properties. Of the tenants:
  - 73% are in receipt of housing benefit
  - 25% are self- paying
  - 2% are in receipt of transitional allowance
- 4.4 There are some risks involved with levying a service charge payable in whole or in part by all tenants, but these are mitigated :
- A higher service charge might reduce demand for sheltered housing, creating a negative impact on the HRA business plan. However charges will also help ensure that sheltered housing provides an alternative choice of housing for older people and will help free up larger family accommodation.
  - Some vulnerable tenants could fall into rent arrears as a result of even a small additional charge. However any tenants who have difficulty in paying a new charge are being offered advice and support to optimise household income

- 4.5 When the 2015/16 HRA Business Plan and budget were approved by Cabinet on 14<sup>th</sup> January 2015 it was acknowledged that the charges in this report would apply in 2015-16. The charges will be reviewed in future as part of the annual HRA Business Plan, Budget and Rent Increase report to Cabinet, in line with other service charges.

## 5.0 FINANCIAL IMPLICATIONS

### 5.1 Proposed charges

1. The principle behind the new charging structure is that all housing management services that are additional to those delivered in mainstream housing are charged for by means of a service charge.  
**A weekly service charge of £9.42 per week is recommended.** This is an eligible charge for housing benefit and covers the costs of
  - **The daily caretaking service** – this service is very different to the 13 weekly block cleaning service in mainstream flats and maisonettes, and includes daily and weekly cleaning of the communal corridors, landings, communal lounges, kitchens and toilets.
  - **Enhanced Estate services** - Additional work is carried out to support the grounds maintenance contact such as additional pruning and maintenance of shrub beds, enhancements to communal gardens and external spaces. This is in recognition that residents use gardens as additional social space and to provide an opportunity for the physically challenged to get exercise and fresh air in a safe and accessible environment.
  - **Replacement of fixture and fittings** in communal areas, such as carpets curtains, furniture, white and electrical goods (cookers and fridges) crockery and utensils in communal spaces and kitchens.
  - **Enhanced building management service** in relation to sheltered buildings such as: weekly testing of fire alarm systems and emergency lighting, reporting and following up of communal repairs (which are often particularly complex due to the nature of the buildings); management of guest rooms and communal facilities.
2. A small charge of **£1.46 per week** is introduced towards the cost of the warden support service This would *not* be eligible for Housing Benefit.
3. All residents to be charged £4.01per week towards the cost of the City Wide Care Alarm system and service. This is *not* eligible for Housing Benefit.

- 5.2 This would mean that **tenants in receipt of Housing Benefit** would be expected to pay a total weekly charge of **£5.47**.

**Self-payers** - i.e. those who are not in receipt of Housing Benefit - would be expected to pay a total of **£14.89** per week in addition to rent. This is slightly less than the current sheltered housing support charge of £16.11 per week.

The self-payers do not receive housing related support subsidy and pay towards the cost of the warden service. Although they are unaffected by the new Housing Related Support Subsidy Policy, there will be a small benefit to them as the proposed new service charge is less than the charge that they pay currently.

- 5.3 Overall the proposal will ensure the service remains viable and it mitigates against the impact of the ending of Housing Related Support subsidy and ensures additional funding from the HRA is not required to meet the shortfall.

- 5.4 Other sheltered landlords, both local authorities and housing associations, have adopted a similar approach to the loss of Housing related support subsidy. For example Barnsley Borough Council and Places for People both levy charges at a similar level. The service will continue to provide a high quality, good value affordable housing option for customers who need support.

#### **Ending transitional protection**

- 5.5 When the Supporting People (SP) programme was introduced in 2003, the government SP grant to local authorities paid for some services to tenants in sheltered housing that were previously funded by the Housing Revenue Account (HRA). As a result, those tenants came to be charged individually for services that had previously been funded through general rent income but those in receipt of housing benefit were pass-ported through with a nil charge covered by SP subsidy.
- 5.6 Tenants at the time who were not eligible for housing benefit would have become liable for the full charge for the services which had previously been covered by their pooled rent payments. They received “transitional protection” as a result of the Council’s first Policy on Charging for Supporting People Services, approved by Cabinet in 2002, which was based on government guidance and stated that “Existing tenants will be “transitionally protected” from liability for charging, until such time as a new contract or service level agreement is made following a review of the service.”



5.7 With the ending of the Supporting People ring fence in 2009 there is no longer a Supporting People funding stream and consequently no 'SP funded' services. The HRA has however continued to pay transitional protection to some tenants. There are 190 tenants who have been Council sheltered tenants since before April 2003. Of these, a total of 29 have higher incomes and are not eligible for housing benefit, yet they continue to receive transitional protection and have not paid for warden or alarm services since the charges were introduced in 2003.

5.8 When the new Housing Related Support Subsidy Policy which withdrew all housing related subsidy to sheltered housing services was agreed, the Cabinet Member for Health, Care and Independent Living also agreed that the transitional protection for the Council sheltered tenants who held sheltered tenancies before 2003 should cease from 30<sup>th</sup> June 2014. The initial impact was that 36 tenants who benefited from protection would have to pay the full proposed charges. However further assessment of their individual circumstances has shown that 7 are now eligible for Housing benefit and will now only be expected to pay the minimum charge of £5.47 a week for the Warden support service and City Wide Care Alarm as detailed in sections 4.6 and 4.7. 29 tenants will be expected to pay the full proposed charge of £14.89.

#### **Heating charges**

5.9 As a result of the planned installation of heat meters in those sheltered schemes connected to district heating networks (following the Cabinet decision on Community Heat Metering in September 2012), work is now being undertaken on future charging for communal heating in sheltered schemes. This will be the subject of a further report in due course.

### **6.0 CONSULTATION**

6.1 All tenants have been consulted on proposals to introduce a new service charge and charging structure. Consultation has been carried out with the Sheltered Housing Forum, scheme representatives at a special Group meeting (LAHF), with all residents through scheme meetings, coffee mornings and with individuals during August 2014. All residents have been invited to provide feedback on the proposals. Of the 368 tenants who provided feedback 86.5% strongly agree or agree to the proposed new charge. Further details of this are included in Appendix 1.

### **7.0 LEGAL IMPLICATIONS**

7.1 The duty to keep a Housing Revenue Account and prevent a debit balance on it and restrictions as to what may be credited or debited to the account ("the ring-fence") are governed by Part VI of the Local Government and Housing Act 1989. Rent and income from charges for services must be credited to the HRA, expenditure relating to repairs, maintenance and management must be debited from it.

- 7.2 Section 11A of the Housing Act 1985 gives local authorities the power to provide and to charge for welfare services (“services for promoting the welfare of the persons for whom the housing is provided in accordance with their needs”) and Schedule 4 to the 1989 Act provides discretion to account for expenditure and income from charge relating to the provision of such services in the HRA. Services specified in The Housing (Welfare Services) Order 1994 are expressly excluded from the HRA but these essentially amount to personal or nursing care and so do not apply to the services set out in this report. The Council has a duty or discretion within Schedule 4 to the 1989 Act to account within the HRA for the proposed services and charges described in this report.
- 7.3 Housing benefit may only be paid in respect of service charges if they are eligible housing costs within the meaning of the Housing Benefit Regulations 2006.
- 7.4 The Council has a duty under section 105 of the Housing Act 1985 to consult its secure tenants when they are likely to be substantially affected by certain matters of housing management which involve a change to practice or policy, including arrangements for the management of its housing stock, or the provision of services or amenities. The duty therefore applies to the provisions described in this report. There is no prescribed form of consultation but it must include arrangements for tenants to be informed of the Council’s proposals and to make their views known and the Council must consider any representations made. The consultation that has been carried out complies with this duty

## 8.0 **EQUALITY OF OPPORTUNITY IMPLICATIONS**

- 8.1 An Equalities Impact Assessment (EIA) has been completed and is attached to this report as Appendix 3. Any issues raised will be addressed through regular monitoring against the actions set out in the EIA.

## 9.0 **ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 The alternative option that has been considered is to just charge for the City Wide Care Alarm system and deliver a housing management service through the Housing Plus model.
- 9.2 However, this would not provide the whole range of services that Sheltered Housing currently offers that customers want, and which help to meet the City Council’s wider preventative agenda: to enable older people to live independently without need for more costly interventions from other services.
- 9.3 Schemes would become blocks of flats with a care alarm system but without the regular support from staff. This would impact on demand for sheltered housing properties and increase vacant property rent loss. Potentially this could result in further decommissioning of sheltered

housing schemes. The move on options from larger properties would be limited and contribute to increasing unmet need for family housing.

- 9.4 This would reduce the range of housing options and choices for older people who with support are able to continue to lead independent lives within a safe and secure environment. The alternative to this would be more expensive residential care or extra care.

## **10.0 REASONS FOR RECOMMENDATIONS**

- 10.1 The proposal to implement a new Sheltered Housing service charge will:
1. Ensure that the Sheltered Housing service remains viable
  2. Mitigate the impact of the decision in March 2014 to end Housing related support subsidy for Sheltered Housing services from June 2014
  3. Mitigate the impact on the Housing Revenue Account ( HRA)

## **11.0 RECOMMENDATIONS**

- 11.1 It is recommended that the Cabinet Member for Housing;
1. Agrees to the implementation of a new charging model for the Council's Sheltered Housing as described in this report;
  2. Approves the levels of service charge set out in the report, to be levied with effect from x 2015 or as soon as possible thereafter subject to the tenants first having been given 28 days' notice of the charges.
  3. Notes that a further report regarding heating charges will be presented in due course.

Author: Rhian Owen

Job Title: Area Manager – Older Persons Independent Living Service

Date: 9<sup>th</sup> April 2015