

## **Report to the Cabinet**

**Report reference:** C-001-2015/16

**Date of meeting:** 11 June 2015



**Epping Forest  
District Council**

**Portfolio:** Housing

**Subject:** Housing Related Support Charges

**Responsible Officer:** Alan Hall (01992 564004).

**Democratic Services:** Gary Woodhall (01992 564470).

---

### **Recommendations/Decisions Required:**

**(1) That the approach to Housing Related Support (HRS) charges set-out in Option 5 within the report be taken, and that:**

**(a) the HRS charges made to Council tenants and private Careline users for 2015/16 continue for the remainder of the current year; and**

**(b) the Housing Portfolio Holder recommends to the Cabinet, in advance of the budget cycle for 2016/17, a plan on how much HRS charges should be increased each year from April 2016 until the cost of the Scheme Management Service becomes self-funded, having regard to any annual reductions in HRS funding from Essex County Council;**

**(2) That the Housing Select Committee be asked to:**

**(a) consider whether more properties specially designated for older people on housing estates should be de-designated, with future vacancies used to meet the increasing demand for younger housing applicants; and**

**(b) review the associated level of staffing required to provide the Scheme Management Service to determine if staffing costs (and therefore HRS charges) can be reduced as a result; and**

**(c) make recommendations to the Housing Portfolio Holder accordingly; and**

**(3) That letters be sent to all service users in February 2016, once the Cabinet has set the HRS charges for 2016/17 and the amount of HRS funding to be received from Essex County Council for 2016/17 is known, explaining the proposed approach and the reasons.**

### **Executive Summary:**

The Council increased its Housing Related Support (HRS) charges to private Careline users and Council tenants living in sheltered and other housing designated for older people for 2015/16 by amounts higher than inflation, mainly to cover a significant reduction in HRS funding to the Council from Essex County Council (ECC) of at least £133,000 (42%) - that ECC officers had advised would be made from April 2016 – but also to achieve a position whereby the Council's Careline Service is fully self-funded.

In the event, and at a very late stage, ECC decided not to proceed with the planned HRS funding reduction for 2015/16. However, since the Council has already implemented the increased charges and advised all affected tenants, the Housing Portfolio Holder has requested that the Cabinet be provided a report on the main options available to respond to the associated implications of this late decision by ECC.

The report therefore sets out five options, and assesses the advantages and disadvantages of each one.

This options exercise has highlighted the fact that, due to annual reductions in HRS funding from ECC over the years since 2003, the combined income from HRS charges and ECC's funding no longer bears any resemblance to the cost of the providing the service and all other Council tenants, who do not receive the service, now subsidise the cost by around £10 per property per annum – which has resulted in the above recommendations.

### **Reasons for Proposed Decision:**

It is felt that the under-recovery of costs for the Scheme Management Service is unfair on other Council tenants who do not receive the service, and is untenable in the longer term.

### **Other Options for Action:**

- (i) Rescind the 2015/16 increase in HRS charges and, where considered appropriate, refund payments made by tenants back to April 2015.
- (ii) Rescind the 2015/16 increase by reducing the 2015/16 HRS charges mid-year to an amount below the 2014/15 HRS charge, in order to off-set the increased charges made from April 2015, and refund where appropriate.
- (iii) Continue with the 2015/16 charges and take into account any increase above that required as a result of the expected ECC funding cut when setting charges for 2016/17.
- (iv) Variations to options (i) – (iii) above for different categories of service user.
- (v) Continue with the 2015/16 charges and increase charges further from April 2016 over a period of time until the cost of the Scheme Management Service is self-funded.

### **Report**

1. This report is presented to the Cabinet at the request of the Housing Portfolio Holder to provide options on ways to respond to the very late decision by Essex County Council (ECC) not to implement a proposed cut in funding to the Council of £133,000 (42%) for Housing Related Support (HRS) services, together with the advantages and disadvantages of each option.

2. Housing Related Support covers the Council's:

- Careline Service  
The Council's 24-hour speech alarm service based at Parsonage Court, Loughton; and
- Scheme Management Service  
Which is provided by Scheme Managers (previously known as "wardens"), who visit all older tenants in sheltered housing daily, and tenants living in other housing designated for older people on a less frequent basis (dependent on individual tenants' risk assessments) to assess their well-being; to provide any assistance they need to enable them to sustain their tenancy (e.g. co-ordinate their care needs, report repairs, access other Council services

etc.); to liaise with relatives and carers; and to provide emergency assistance.

### Background

3. At the meeting of the county-wide Essex Housing, Health and Social Care Partnership Forum (which comprises representatives from all Essex district councils, housing providers and others), commissioning officers from ECC advised that they had been required to save around £2 million per annum (around 10%) from the County Council's HRS budget from 2015/16 and that they wanted to consult with all the district councils and representatives of housing providers to identify the most appropriate way for implementing the required funding cut. The Partnership Forum set up a small HRS Savings Sub-Group to consider how ECC's total £20million HRS budget is currently utilised and to propose to ECC where the £2 million cuts could best be made.

4. At the meeting, members of the Partnership Forum explained to ECC that, whatever cuts are made, district councils and other HRS providers need to know the level of funding they will be receiving (in general terms) in advance of budget cycles, so that they can make appropriate arrangements to deal with any reduced income accordingly.

5. The HRS Savings Sub-Group formulated a range of proposals to achieve ECC's required £2 million funding reduction. ECC officers then considered the proposals, made a number of changes to them and presented their intentions (very much based on the Sub-Group's proposals) at the meeting of the Partnership Forum on 24th November 2014. At this meeting, ECC officers also explained that, having determined where the £2 million savings would come from, they had been more recently advised that further savings may need to be required from the HRS budget of up to an additional £1 million (i.e. totalling £3 million). Again, the Partnership Forum asked Essex CC to confirm to all HRS providers how their individual funding would be affected as soon as possible, and before HRS providers finalised their budgets.

6. Despite this request, no formal confirmation was received. At the next Partnership Forum meeting in January 2015 (well after most budgets had been finalised), HRS providers asked ECC officers for an update on the funding position, and were advised that discussions were still ongoing.

7. The Council and other HRS providers then heard nothing more, until a letter was received from ECC - out of the blue - on 25th March 2015 (less than 2 weeks before the start of the new financial year) advising that ECC's proposed reduction in funding for HRS in 2015/16 would not now be implemented. The letter stated that "there are no plans for changes to HRS funding in 2015-16" and that, for services to older people "we will build on work we have already done to work with stakeholders to identify the best way to support vulnerable older people. We intend to have a clear agreed position in place for 2016-17".

8. The Director of Communities has expressed concern to ECC officers, on behalf of the Council, for making the decision and notifying the Council so long after the budget and charges for 2015/16 had been set. This criticism appears to have been accepted by ECC officers, who have said that they will endeavour to ensure that ECC makes decisions on HRS funding well in advance of budget cycles for 2016/17.

### The Council's Position

9. The Council's current HRS funding from ECC is around £300,000 per annum and the effect of ECC's intentions would have meant that the Council's funding would have been cut by £133,000 per annum (42%) from April 2015, as follows:

- £81,000 per annum for the Scheme Management Service.
- £52,000 per annum for the Careline Service.

10. For this reason, leading up to the Council's budget cycle, the Housing Portfolio Holder reviewed how this expected lost income could be replaced through increased charges to service users and the following proposals were agreed by the Finance and Performance Management Cabinet Committee (and subsequently the Cabinet), including the spreading of the required increase in charges to service users over the following two years:

- The intention for the Careline Service to break-even and the loss in HRS funding from ECC for the Scheme Management Service to be fully recovered from April 2016;
- The charges for the Council's Careline Service be increased by £0.27 per week, for both Council tenants and private clients, with effect from 6th April 2015;
- Following a review of the duties undertaken by Scheme Managers, 10% of their time previously attributed to HRS be re-classified as "Intensive Housing Management" and charged as a Service Charge accordingly (which is eligible for housing benefit);
- The charges for the Council's Scheme Management Service (i.e. HRS Charges and Intensive Housing Management Service Charges combined) be increased by 5% from 6th April 2015;
- The increased charges for the Careline and Scheme Management Services provided to Council tenants in receipt of housing benefit not be met through any increase in compensating HRS Credit and that, furthermore, the HRS Credit currently received by such tenants be reduced by 8% with effect from 6th April 2015 – this meant that tenants in receipt of housing benefit would pay a small charge for the first time;
- As a result of spreading the required increases in charges over two years, the HRA subsidises the Careline Service and Scheme Management Service by around £58,000 during 2015/16; and
- That the potential for further reductions in HRS funding by ECC in 2015/16 and/or 2016/17 was noted.

11. Following the Cabinet's decision to increase the charges, letters were sent to all the tenants affected in February 2015 to explain the increased charges and the reasons. Letters were not sent to private Careline service users.

12. The following table summarises the increases in HRS charges for different categories of tenants from April 2015:

	2014/15 Charge (£)	Increase (£)	Increase (%)
<b>Sheltered Tenants (Scheme Management &amp; Careline):</b>			
Not on HB	£12.15 p/w	£0.71 p/w	5.8 %
On HB	Nil	£1.53 p/w	N/A
<b>Area Tenants (Scheme Management &amp; Careline):</b>			
Not on HB	£5.54 p/w	£0.39 p/w	7.0 %
On HB	Nil	£0.79 p/w	N/A
<b>Private Careline Users</b>			
All Users	£95.30 p/a	£14.02 p/a	14.7 %

13. The following table summarises the total income that was expected to be received by the Council for HRS in 2014/15 and the increased income to be received in 2015/16 as a result of the increased charges:

	Income 2014/15			Increased Income for 2015/16 from Increased Charges					
	ECC HRS	Service Users	Total	Careline (Private)	Careline (Tenants)	HRS Charge	IHM S/Charge	Reduced HRS Credit	Total
Careline	£141,000	£184,000	£325,000	£20,350	£13,360				£33,710
S/Mgmt	£177,000	£49,000	£226,000			£11,630	£350	£15,200	£27,180
<b>Total</b>	<b>£318,000</b>	<b>£233,000</b>	<b>£551,000</b>						<b>£60,890</b>

14. As can be seen, as a result of the expected cut in HRS funding from ECC, the Council has increased the total charges to service users for HRS by around £61,000 in 2015/16. Since, in the event, the cut in HRS funding did not materialise, it could be argued that the increase in charges was unnecessary and action should be taken as soon as possible to rectify the situation, which is the subject of the next section of this report. However, there some important considerations that need to be borne in mind before considering the options on the way forward:

- The Council's costs in delivering both the Careline Service and the Scheme Management Service have increased by inflation in 2015/16. The Council's property rents have been increased by 2.2% for 2015/16 and all other housing-related fees have increased by 2.3%. Therefore, irrespective of ECC's actions, it is likely that all the Council's HRS charges would have been increased by 2.3% in 2015/16 anyway. This would have resulted in increased charges to service users totalling £13,100;
- One of the Cabinet's objectives in increasing the charges was not only to recover the expected loss of HRS funding from ECC but to also eradicate the deficit of around £20,000 per annum in providing the cost of the Council's Careline Service (i.e. the difference between the total costs of providing the Careline Service and the total income received from ECC, service users and others (e.g. housing associations));
- Therefore, irrespective of any reduction in HRS funding, it is likely that the Council would have increased HRS charges to service users by around £33,000 in 2015/16 anyway;
- When the HRS regime (previously known as "supporting people") was originally introduced in 2003, the funding received from service users (through charges) and ECC met the total cost of providing the Council's Scheme Management Service. Although the Council's HRS charges and ECC's funding were increased by inflation in the early years from 2003, which met the Council's increased inflationary costs, over more recent years ECC's funding has not increased, whilst the Council's costs have increased by inflation. In each year that ECC's HRS funding was not increased, the Council did not increase the HRS charges made to service users either (until this 2015/16 increase);
- In April 2011, ECC reduced its HRS funding to the Council by 7.3% (£14,000) per annum. However, this loss in funding was not passed on to service users through increased charges;
- As a result of ECC's funding and the Council's charges to service users not being increased every year by inflation since 2003, a large difference between the cost to the Council of providing the Scheme Management Service and the income received has developed. The staffing cost in 2015/16 for the Scheme Management Service alone (i.e. excluding all other costs such as accommodation, IT, telephony etc) is around £320,000, which is around £67,000 (21%) more than the total income received from ECC and service users in 2015/16

*even with the increased charges that have been made for 2015/16.* The Scheme Management Service is therefore now operating at a deficit;

- This deficit is therefore being subsidised by all 6,400 Council tenants, including the majority who do not live in sheltered or other accommodation designated for older people – which amounts to around £10 per annum for every Council property;
- The Careline cost for private users in 2015/16 is still the lowest in Essex, despite the increase in charges made for 2015/16.

## Options

15. Since the HRS charges for 2015/16 were primarily increased to fund around 50% of the expected loss of HRS funding from ECC, had it been known at time of setting the charges that the funding cut would not be made, it is likely that the Council would not have increased the charges by as much as it has. For this reason, the Housing Portfolio Holder has asked for the Cabinet to be appraised of the options available for rectifying this position.

16. However, since the increased charges have already been implemented, tenants have been notified and are now paying the increased charges, it is not at all straightforward to simply rescind the increases - without significant administrative difficulties, incurring additional costs and causing a lot of confusion for tenants – especially in view of the limited staffing capacity to undertake all the resultant time-consuming changes that would be required.

17. The main options that appear to be available to the Council are as follows:

Option 1 – Rescind the 2015/16 increase in HRS charges and, where considered appropriate, refund payments made by tenants back to April 2015.

Option 2 – Rescind the 2015/16 increase by reducing the 2015/16 HRS charges mid-year to an amount below the 2014/15 HRS charge, in order to off-set the increased charges made from April 2015, and refund where appropriate.

Option 3 – Continue with the 2015/16 charges and take into account any increase above that required as a result of the expected ECC funding cut when setting charges for 2016/17.

Option 4 – Variations to Options 1-3 above for different categories of service user.

Option 5 - Continue with the 2015/16 charges and increase charges further from April 2016 over a period of time until the cost of the Scheme Management Service is self-funded.

### Option 1 – Rescind the 2015/16 increase to HRS charges and refund payments made by tenants back to April 2015

18. Under this option, all HRS increases from April 2015 would effectively be nullified and adjustments made to all rent accounts and (in the case of private Careline users) sundry debtor accounts to amend the 2015/16 HRS charges back to the 2014/15 levels for the whole year. Any payments made would be refunded (or alternatively, in the case of self-funding tenants, would result in a credit on their account).

19. The adjustments could also allow for an inflationary (2.3%) increase on the 2014/15 HRS charges and/or the planned additional income to enable the Careline Service to be self-funding.

20. *Advantages*

- It would put private Careline service users and Council tenants in sheltered housing and other designated housing for older people back to the same position as they would have been had the HRS charges not been increased to recover the anticipated loss of HRS funding from ECC

21. *Disadvantages*

Private Careline Users

- All 1,450 private Careline user accounts have already been issued for 2015/16 through sundry debtor invoices - and the majority of users have either paid their accounts for the whole year or for the first quarter
- All these accounts would have to be cancelled, refunds would have to be provided for all payments made and then new accounts issued (for the lower charge). All the cancellations, refunds and issuing of new invoices would have to be undertaken individually on a manual basis, which would involve significant staff time and resources. There would be a financial cost of issuing cheques for refunds and posting invoice cancellations letters, cheques and new invoices. All users would then have to pay their new (lower) charge, which is likely to be inconvenient for many users, bearing in mind the vulnerability of this older client group and the fact that most would have already gone through the process of making payments.
- Private Careline users would still need to use most of the refunded money to then pay for their slightly lower charge – but between the time the revised sundry debtor invoice is issued and the tenant makes payment the service user will technically be in arrears, which it is known many older residents find distressful.
- The Council is looking to introduce a new direct debit facility for regular sundry debtor accounts, such as Careline charges, during 2015/16. The above complications would delay the introduction of this convenient facility.

Council Tenants

- The processes required to adjust all 950 Council tenants' accounts in order to backdate the rescinded charges to April 2015 would be even more time consuming than the usual year-end process which, in itself, is resource-intensive. There would also be greater scope for error.
- Each rent account would need to be checked individually for payments made since April 2015 and then cheque refunds, for very small amounts, would need to be generated and sent to those in receipt of housing benefit. Again, this would be staff intensive and involve a financial cost of raising and posting cheques. Some older tenants do not have bank accounts, for whom special arrangements would need to be made.
- All tenants who pay their rent by direct debit would need to have their direct debit calculation and arrangements amended manually, which would be staff-intensive and could lead to further confusion and distress for tenants
- Since the 780 tenants who receive the Scheme Management Service and are in receipt of housing benefit also receive housing benefit for the new Intensive Housing Management Service Charge, their housing benefit entitlement would need to be individually

recalculated. The resultant overpayments would automatically produce invoices which would need to be cancelled and the overpayments would then need to be applied to the rent accounts of individual tenants to offset the reduction in rent. This process would be a manual process and would be staff-intensive for both Benefits and Housing staff. Furthermore, any change to Housing Benefit entitlement, no matter how small, requires a notification to be sent to the tenant and therefore, in addition to the staff cost, there would be additional costs for printing, stationery and postage for all 780 tenants – which would also lead to further confusion and distress for many tenants.

- Under the Housing Act 1985, all tenants affected by a change in rent and other charges (either through an increase or reduction in charges) would have to be given 4 weeks' notice in writing of the changes – which would delay further the speed at which all the necessary adjustments and other actions could be undertaken.
- Although it is unlikely to be challenged, technically, in view of the requirement to give 4 weeks' notice (in advance) of any change in rent or other charge, it would be contrary to the provisions of the Council's standard Tenancy Agreement (provided to all tenants) to backdate a change in a rent level or charge retrospectively.

#### Both Groups of Service Users

- Considering the older client group involved, it is likely that there would be widespread confusion and concerns amongst both private Careline users and Council tenants over the reasons and the arrangements for refunds and revised charges
- There is a risk of reputational damage to the Council if users are critical of the Council's decision to cancel, refund payments and then re-issue accounts - and the associated inconvenience and confusion caused – in order to vary the payment by relatively small amounts (which would be even lower if an inflationary increase is applied and/or an increase made to eradicate the current deficit in providing the Careline Service).
- If ECC reduce the Council's HRS funding from April 2016, which the Director of Communities believes is highly likely (in view of the overall budget reductions that ECC needs to make in future years), service users may wonder why the charges were increased, then reduced a few months later and then increased back again (possibly by around the same amount or more) only a few months later, which again could result in reputational damage to the Council.
- The HRS charge base for 2015/16 would be lower than currently. Therefore, if ECC's HRS funding is reduced from April 2016 as expected, both the monetary and percentage increase in HRS charges required to cover the loss would be a lot higher than it would otherwise be if the current charges continued.
- The overall income received from HRS charges and ECC's HRS funding would continue to be less than the actual cost of providing the service, with the cost of the service continuing to be subsidised by all other Council tenants in perpetuity.

Option 2 – Rescind the 2015/16 increase by reducing the 2015/16 HRS charges mid-year to an amount below the 2014/15 HRS charge, in order to off-set the increased charges made from April 2015 and refund where required

22. This is a similar option to Option 1 but, instead of making adjustments to all rent accounts and sundry debtor accounts back to the 2014/15 levels, the increased HRS charges for the first five months of 2015/16 would be retained, but the charges for, say, the remaining seven months of



2015/16 (i.e. from 1 September 2015) would be reduced to an amount *below* the 2014/15 charges, in order to result in a nil increase across the whole year. As with Option 1, any overpayments could be refunded (or alternatively, in the case of self-funding tenants, result in a credit on their account).

23. Again, as with Option 1, the charges for the remaining seven months could also allow for an inflationary increase on the 2014/15 HRS charges and/or the additional income required to enable the Careline Service to be self-funded.

24. *Advantages*

- All the advantages of Option 1 plus:
- It would not be necessary for Benefits staff to have to manually backdate housing benefit adjustments – however, Benefits staff would still need to make adjustments to the amount of housing benefit paid from the date the charges are reduced and the staff resources and printing and postage costs referred to under Option 1 would still be required, since all tenants affected would still need to be notified of the change in their housing benefit entitlement.
- It may be easier to explain to service users that charges are being reduced from a further (mid-year) date, than backdating reduced charges to April 2015.

25. *Disadvantages*

- All the disadvantages of Option 1 (except the additional advantages above) plus:
- It would be a longer period before tenants were put back into the pre-increase position than Option 1
- The planned introduction of a direct debit facility for regular sundry debtor accounts would have to be delayed further.
- If ECC reduces the Council's HRS funding from April 2016, any criticism about why the Council increased charges, then reduced them a few months later and then increased back again may be greater, since the latter increase would be closer to the date of reduction.
- Since the reduced mid-year charges would need to be lower than the 2014/15 charges (to compensate for the initial increased charges), the HRS charge base for 2015/16 would be even lower than under Option 1. Therefore, if ECC's HRS funding is reduced from April 2016, both the monetary and percentage increase in HRS charges required to cover the loss would be even higher than under Option 1.

*Option 3 – Continue with the 2015/16 charges and take into account any increase above that required as a result of the expected ECC funding cut when setting charges for 2016/17*

26. Under this option, the increased HRS charges for 2015/16 would simply continue for the remainder of the year – and the increased income from the higher charges paid by service users over the year would be taken into account when setting the charges for 2016/17, having regard to the decisions made by ECC on the amount of HRS funding provided to the Council for 2016/17 onwards.

27. If, as the indications suggest, HRS funding from ECC is reduced from 2016/17, it may not be necessary to make any significant increases to service users in 2016/17 under this Option, due

to the increased income received during 2015/16. Alternatively, if the current level of ECC funding continues for 2016/17, the charges for 2016/17 could be reduced as part of the scheduled rent-setting process and consideration could even be given, towards the end of the year, of making refunds to service users for any actual “overpayments” made during the current year.

28. *Advantages*

- Avoids all of the disadvantages with Options 1 and 2
- As a result, the need for additional staff resources, the additional costs, the confusion and distress for service users and any reputational damage related to Options 1 and 2 would be avoided
- The HRS charges base for 2015/16 would be at a higher level, enabling any increases required from April 2016 to be dampened, or even result in a reduction in charges for 2016/17

29. *Disadvantages*

- Service users would have paid more than necessary during 2015/16, had the HRS charges not been increased to recover the anticipated loss of HRS funding from ECC – which was the main stated reason given to service users for the increase
- If ECC’s funding is not reduced from April 2016, and the Cabinet determines (towards the end of the year) that refunds should be made to tenants for the amounts “overpaid” during 2015/16 (rather than adjusting the charges for 2016/17), it would be necessary to arrange cheque refunds to tenants for relatively small amounts – especially to those in receipt of housing benefit – which would be staff-intensive and involve a cost.

Option 4 – Variations to Options 1-3 above for different categories of service user

30. There are a number of different HRS charges made to different service users, as follows:

- Careline charges made to private Careline users
- Careline charges made to sheltered tenants and other older tenants who pay the Careline charge in full
- Careline charges made to sheltered tenants and other older tenants in receipt of housing benefit who now pay a small amount for the service
- Scheme Management charges made to sheltered tenants and other older tenants who pay the Scheme Management charge in full
- Scheme Management charges made to sheltered tenants and other older tenants in receipt of housing benefit who now pay a small amount for the service
- Intensive Housing Management Service charges made to sheltered tenants and other older tenants who are not in receipt of housing benefit

31. The charges made to any of the above categories of service user could be varied in line with the approaches set out in Options 1-3. For example:

- The increased HRS charges made to private Careline users could continue for 2015/16, but the Careline charges made to Council tenants could be rescinded; or
- The charges could be rescinded, but the associated HRS credits made to the accounts of tenants in receipt of housing benefit could be reduced.

32. However, in view of the multitude of different approaches that could be taken, the implications of treating different categories of users in different ways have not been assessed as part of this report.

Option 5 - Continue with the 2015/16 charges and increase charges further from April 2016 over a period of time, until the cost of the Scheme Management Service is self-funded

33. Options 1-3 above seek to put tenants and private service users back into the same financial position as they would have been if the Council had not increased charges to recover the expected lost HRS funding from ECC.

34. However, as explained earlier in the report, a large deficit has now developed between the cost to the Council of providing the Scheme Management Service and the income received from tenants through HRS charges. Even with the increased charges for 2015/16, the deficit amounts to around £67,000 per annum, which is being subsidised by all Council tenants by around £10 per property per annum.

35. There is therefore a strong argument that those tenants who receive the Scheme Management Service should, over time, be charged appropriate amounts that meet the costs of the Council providing the Service in full, and that all other tenants who do not receive the service (i.e. the majority) should not be expected to subsidise the costs.

36. Therefore, under this Option, the HRS charges for 2015/16 would continue for the remainder of the current year, and charges for future years would be increased by amounts above inflation over a period of time until the income from charges funded the cost of the Scheme Management Service in full. As a guide, if the “full” cost was to be recovered now, and based on today’s costs, taking account of ECC’s current HRS funding and assuming that tenants in receipt of HB meet the increased cost of charges above the 2014/15 levels, the combined charges for the Scheme Management Service and the Intensive Management Service would be as follows:

	Combined Scheme Management / HM Charge (£ Per Week)		Difference
	2015/16	Full	£ Per Week
<b>Sheltered tenants:</b>			
Self-funders	£9.28	£14.54	£5.26
On-HB	£1.00	£6.26	
<b>Area tenants:</b>			
Self-funders	£2.35	£3.58	£1.23
On-HB	£0.25	£1.48	

37. The annual pace and amount of annual increases could be determined by the Cabinet each year.

38. *Advantages*

- All the advantages of Option 3 plus:
- Over time, the cost of the Service would be self-funded and would not require other tenants to subsidise the cost

### 39. *Disadvantages*

- As with Option 3, service users would have paid more than necessary during 2015/16, had the HRS charges not been increased to recover the anticipated loss of HRS funding from ECC – which was the main stated reason given to service users for the increase.
- The charges made to service users in future years would be much higher than the 2015/16 charges, with tenants in receipt of housing benefit likely to be financially affected to a greater extent, which is likely to be unpopular amongst service users.
- The higher charges may result in some vacancies in sheltered housing becoming difficult-to-let.

### Conclusion

40. It is very unfortunate that the late decision by ECC not to implement the expected funding reduction has placed the Council in a difficult position, whichever option is chosen. However, this options-exercise has highlighted the fact that:

- HRS charges no longer bear any resemblance to the cost of the providing the service; and
- The level to which all other Council tenants, who do not receive the service, subsidise the cost.

41. It is felt that this under-recovery of costs is untenable in the longer term and, as a result, that Option 5 above should be the option taken forward, with the HRS charges made to Council tenants and private Careline users for 2015/16 continuing for the remainder of the current year and that, in advance of the budget cycle for 2016/17, the Housing Portfolio Holder recommends to the Cabinet a plan on how much HRS charges should be increased each year from April 2017, and over what period, until the cost of the Scheme Management Service becomes self-funded, having regard to any reductions in HRS funding from Essex County Council.

42. It is suggested that letters be sent to all service users in February 2016, once the Cabinet has set the HRS charges for 2016/17 and the amount of HRS funding to be received from Essex County Council for 2016/17 is known, explaining the proposed approach and the reasons.

### Review of Designated Properties Suitable for Older People

43. In the 1980's the Council designated many properties on housing estates as being especially suitable for older people and installed hard-wired Careline alarm systems in the properties and provided a visiting Scheme Manager service. However, over the years, these became increasingly difficult-to-let to older people, at a time when the demand for general-needs accommodation has increased. Therefore, since the 1990s, a number of reviews of the list of designated properties have been undertaken by Housing Portfolio Holders resulting in the number of designated properties being significantly reduced.

44. This situation has continued in recent years and, therefore, irrespective of the approach adopted, the Housing Portfolio Holder proposes that the Housing Select Committee be asked to consider whether or not more designated properties should be de-designated (with future vacancies used to meet the increasing demand for younger housing applicants) and to also review the associated level of staffing required to provide the Scheme Management Service, in order to determine if staffing levels and costs (and therefore HRS charges) can be reduced over time as a result – and to make recommendations to the Housing Portfolio Holder accordingly.

**Resource Implications:**

Varies – as set out in detail in the report

**Legal and Governance Implications:**

Housing Act 1985. Changes to charges are also governed by the Tenancy Agreement.

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

The Tenants and Leaseholders Federation is being consulted on the contents of this report and has decided to hold a special meeting on 9<sup>th</sup> June 2015 to discuss the options and the recommendations. The views of the Federation from its meeting will be tabled at the Cabinet meeting.

**Background Papers:**

Letter from Essex County Council dated 25<sup>th</sup> March 2015 advising the Council of its decision relating to HRS for 2015/16.

**Risk Management:**

The main identified risk is the potential reputational risk to the Council if tenants feel that the Council has made the wrong decision in responding to the situation caused by ECC.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

---

One of the protected characteristics of the Equality Act 2010 relates to age, and public authorities must therefore ensure that they do not discriminate against service recipients as a result of their age.

The options within this report and the associated recommendations primarily relate to older people living in sheltered housing and other housing designated for older people. However, the issues and recommendations do not relate to these tenants solely due to their age; they relate to them as a result of them being provided with specialist services by the Council. Indeed, the Council has other older tenants who do not receive and benefit from the services.

As part of the equality analysis for this report, it should be noted that although new service users in the future will have a choice as to whether or not they receive the service and pay the associated charges, and current tenants had the same choice in the past, realistically, current tenants who receive the services have no real choice as to whether or not they pay the HRS charges; they could only decide to move away from sheltered accommodation or other accommodation designated for older people.

Clearly, any increase in charges – especially any above inflation – would have a detrimental financial effect on those older people who receive the services. Conversely, any reduction in charges would have a beneficial financial effect.

It should also be borne in mind that, if charges are increased too much, it could effectively inhibit access to sheltered housing and other housing designated for older people for older people who need the service, due to them being (or feeling) unable to pay them amount. However, older tenants with low incomes are eligible to receive housing benefit and, indeed, over 80% of older tenants who receive these services already do receive housing benefit. Although the 2015/16 increased charges, and any future increases in charges, are now payable by tenants in receipt of housing benefit, they still continue (and will continue) to have most of the charges paid for them.

Overall, it is considered reasonable that the costs of providing these specialist services to older people should be funded by those who receive the services, having regard to any external financial support received (e.g. from ECC through HRS funding).