



Our ref: SH/HRS

Date:

Dear Provider,

**Re: Housing Related Support – Older People Services – 2016/17**

I am writing to inform you of about our intentions to change funding levels for Older Peoples' services next year. As you will know, the current financial system means that we must ensure we obtain best value for the public money. As part of this process we considering the future funding levels for Older Peoples' HRS services Although ECC has successfully delivered substantial savings already, we need to seek more. In particular, we have to look to services which are 'discretionary', i.e. where we do not have a statutory duty to provide. Housing Related Support falls into this category.

*Background to proposals*

We have considered a range of proposals to deliver the savings requirements. As part of this consideration, we have involved members of the Housing, Health & Social Care Partnership Board. We have already delivered savings against the HRS-funded Mental Health and Learning Disabilities services and are now looking at Older Peoples' services – sheltered schemes and community alarms.

The current term of the contract for these services ends on 31<sup>st</sup> March 2016. There is scope to extend the contracts for a further 12 months and we will do this where we can agree new funding levels.

**At this time, the proposals are under consultation and are subject to change. The final decision will be taken by elected members in September 2015 and confirmed when the Council sets its budget in the New Year. However, we wanted to inform you of the likely impact on your services so that you can engage with us, and plan for the potential impacts and consult as necessary with tenants who may be affected.**

*What is proposed?*

(You may wish to use the following in communications you wish to share with staff, service users or other interested parties).

There are three proposals which it is intended will be implemented from the start of 2016-17.

1. Reduce the HRS payments to sheltered housing by £2/person/week
2. Cap the HRS payment to Community Alarms in sheltered housing at £2/unit/week (or less if sub-contracted at a lower rate)
3. Cease funding 'dispersed' Community Alarms

#### *What is the Rationale?*

1. We believe it is reasonable that individuals should contribute to the costs of their support, as would be the case in statutory support services for adults
2. There are significant variations in payment levels across providers for these services.
3. Different models of support are emerging and what the market can offer is changing. For example, Community Alarm services can often be obtained at lower rates on the open market.
4. The HRS funding of dispersed alarms is neither consistent with the ECC Social Care offer nor across the districts
5. Other areas of HRS spend are currently delivering savings, e.g. Learning Disabilities (£1.1M in current year) and Mental Health
6. Other Authorities have reduced or removed this funding.

#### *What will be the Impact on Tenants?*

The ECC contract is with providers and is usually only one element of total funding. We cannot and would not want to dictate how these changes might impact on tenants. However, we strongly encourage you to consult with your tenants or their representative groups, e.g. Tenants and Residents Association, about implementation.

As a result of these changes, a number of things could happen:

- Tenants may be willing to make up the shortfall
- Tenants may be willing to contribute a smaller amount for a reduced service
- Tenants do not contribute and the service is reduced
- The provider may choose to absorb some or all of the additional cost
- Other funding sources (such as Housing Benefit) could be explored

*We would particularly encourage providers to explore the final point. Support charges cannot simply be transferred to Housing Benefit, but it is legitimate to review the service you are providing and consider what elements could be eligible for housing benefit. We know that this has been done with some success in Essex already.*

*Are these new proposals?*

These proposals were originally discussed with the Housing, Health and Social Care Partnership Group last year, but were not progressed at that time. The group includes representatives of all the districts as well as provider representatives and other commissioners. We appreciate, however that the proposals will be new to some people.

*When will these changes be implemented?*

Subject to elected Members approval at Cabinet in September 2015, the changes will be effective from April 2016. The decision will be formally finalised when the Council sets its budget at Full Council early in the New Year.

*Small Providers*

We are also considering our approach to funding smaller providers. In some cases the transaction costs of paying the HRS funding is greater than the funding itself. We know that:

- There are 53 providers receiving HRS payments for Older Peoples' services. Of these:
  - 33 receive less than £10,000 a year
  - 29 receive less than £5,000 a year
  - 13 receive less than £1,000 a year
- The average contract value for the 33 smallest providers is less than £1,800

We need to consider whether this is sustainable going forward and would be interested in the views of smaller providers.

*How can I give my views on the current proposals?*

As part of our consultation process we are now writing to invite providers to respond to these proposals. For ease of use we suggest that you use the appended template.

The feedback we have had already from providers is that they would prefer to have an early clear decision on which they can base their budgets, rather than an extended consultation period. **For this reason, can I ask that you return any submissions by 21<sup>st</sup> August 2015.**

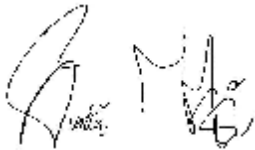
Please send responses to us using this online survey:

<http://surveys.essexinsight.org.uk/TakeSurvey.aspx?PageNumber=1&SurveyID=723L5o2&Preview=true>

*Future Engagement*

We are consulting now on the arrangements for 2016-17. However, we also need to consider the approach for subsequent years, not least because the contracts that are currently in place cannot be extended beyond March 2017. This will be taken forward via the Housing, Health and Social Care Partnership Group and we intend to run provider events as well as other consultation activity. If you have views on how this should be done, please respond as part of this consultation.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Simon Harniess', written in a cursive style.

**Simon Harniess**  
Head of Commissioning  
(Vulnerable People)  
Essex County Council  
E1, County Hall  
Chelmsford  
Essex, CM1 1YS