

Body: Cabinet

Date: 23 March 2016

Subject: Withdrawal of East Sussex County Council funding from sheltered housing

Report of: Ian Fitzpatrick, Senior Head of Community

Ward(s): All

Purpose: To update Cabinet on the impact of the withdrawal of Supporting People funding from sheltered housing and to recommend changes to charges for residents following recent consultation.

Decision type: Key decision

Recommendations: That Cabinet approve the following:
(1) An increase to the charges for Eastbourne sheltered housing residents by £7.96 per week from 1 June 2016.

(2) That delegated authority be granted to the senior head of community, in consultation with the lead cabinet members for community services and finance and the chief finance officer to finalise Eastbourne Homes' management fee ensuring an adjustment to the fee to reflect the increase in sheltered housing income.

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1.0 Background

- 1.1 In February 2016 East Sussex County Council (ESCC) approved a budget that included cuts to Adult Social Care budgets. ESCC has to make significant savings and despite taking into account the Adult Social Care levy (2% additional council tax increase) there is still a need to save £25m from Adult Social Care over the next three years.
- 1.2 The budget savings include the removal of all Supporting People funding from sheltered housing. For Eastbourne Borough Council residents this equates to c. £137,000 per annum. This funding meets the costs of the Lifeline alarm service provided by WEIL and extra support provided by Eastbourne Homes Limited (EHL) On Site Co-ordinators.
- 1.3 EHL has been served with notice that the County Council Supporting People contract and funding will cease from 9 May 2016.

- 1.4 The purpose of the recommendation above to Cabinet is to protect the sheltered service for the long term in the light of the withdrawal of funding and the on-going revenue budget pressures the Council faces.

All sheltered housing providers in East Sussex have been in discussion with residents about the loss of funding and the need for residents to pay towards the additional cost of the service.

2.0 Eastbourne sheltered housing service

- 2.1 Eastbourne Borough Council has 314 sheltered flats at 11 schemes in Eastbourne and these are managed by EHL. Most schemes have been remodelled and are in high demand.

- 2.2 Residents receive support from a team of 8 On Site Co-ordinators who manage the buildings, ensure residents are safe, promote social activities and support frail and vulnerable residents.

- 2.3 Residents currently pay a charge that is made up of a net rent, a service charge and a personal charge for personal heating and water costs.

3.0 Costs and Options

- 3.1 Current staffing and Lifeline related costs are £334,497 per annum. Part of the staffing costs are met by an 'intensive housing management charge' that forms part of the service charge and is Housing Benefit eligible. 85% of residents are in receipt of Housing Benefit.

- 3.2 EHL currently has 8 Full Time Equivalent (FTE) On Site Co-ordinators providing our sheltered service.

As there will no longer be Supporting People funding there will not be an obligation to comply with the specification through producing returns and statistics, case studies and preparing for Quality Assessment Framework reviews. EHL believes that this equates to 28 hours per week of staff time. By taking out this element of work the staffing levels can be reduced by 1 member of staff without impacting on the service. Comparisons with other sheltered providers in Sussex have shown that EHL has a high staff ratio; partly due to the fact that the Council has a number of small sheltered schemes which cost more to staff.

- 3.3 EHL currently has one agency member of staff and so there are no staff at risk of redundancy.

- 3.4 When putting forward options to residents EHL considered the following:

- The need to minimise the impact on the HRA;
- The need to minimise the impact of cost rises to all residents;
- The need to minimise the increase in non HB eligible charges to residents.

3.5 A task and finish group from Eastbourne Homes Board met on 7 January 2016 to look in detail at options, all of which involve EHL subsidising the withdrawal of funding. It was agreed to recommend the following 3 options to residents. All 3 options include a Lifeline charge of £4.98 per week and provide transitional support to existing residents. It is proposed that new residents pay the full charge which will reduce the impact on the HRA over time (there are currently 36 new households per year).

Option 1: Keep the service as it is now - total additional charge to residents of £9.49 per week including Lifeline. Cost to the HRA of £101k.

Option 2: reduce staffing by 1 member of staff – total additional cost to residents of £7.96 per week including Lifeline. Cost to the HRA of £84.5k.

Option 3: reduce staffing by 2 members of staff – total additional cost to residents of £7 per week including Lifeline. Cost to the HRA of £72k.

3.6 Option 3 would result in changes to the service due to the reduction in staff.

All of the options include residents having to pay more for their service and a large proportion of the costs are not eligible for housing benefit. EHL has advised residents that benefit advice will be offered to ensure that residents are maximising their incomes. EHL will also be reviewing each element of the sheltered service charge to ensure that costs are affordable. The majority of residents will have a reduction in their heating and hot water charges and their service charge from 1 April 2016 which will help mitigate the increase in support charge.

4.0 Consultation

4.1 Eastbourne Homes staff, led by the Head of Housing, visited all 11 sheltered housing schemes during February 2016 to ensure that residents were given the opportunity to express their views on the three options. Meetings were held in scheme lounges to ensure that they were accessible to residents. Residents were able to have relatives or carers with them at the meetings and the On Site Co-ordinator team were briefed so that they could answer individual questions during the consultation period. Residents were able to contact the Head of Housing directly if they wanted to speak confidentially about the options.

4.2 We explained to residents that our aim is to have one service standard and one support charge for all sheltered residents across Eastbourne.

4.3 137 residents attended the meetings. The consultation ended on 26 February 2016. 223 responses were received which is a 71% response rate.
19% of residents chose option 1, 68% of residents chose option 2 and 13% of residents chose option 3.

4.4 There is no statutory duty to consult specifically on changes to service and support charges. The tenancy agreement allows for charges to be increased to reflect service costs, providing 28 days notice is given. The resident

preferred option will result in minor changes to the service and residents will continue to receive support from their On Site Co-ordinator including the option of having a support plan.

5.0 Resource Implications

5.1 Financial

The majority of residents have told us that they prefer option 2. This has a cost to the HRA of £84.5k. Eastbourne Homes have allowed for this provision in their draft budget.

5.2 Staffing

Option 2 involves reducing the On Site Co-ordinators by 1 post. As 1 post is currently covered by an agency member of staff, there are no staff at risk of redundancy and no requirements for staff consultation.

6.0 Legal Implications

6.1 Although there is no statutory requirement to consult residents over the proposed new charge, and there is no contractual obligation to do so under the tenancy agreement, the council's overriding obligation to act fairly in exercising its functions may give rise to an implied duty to consult. This can occur where past practice has been to consult over a change of this type and/or if the change would have a serious impact on the parties affected.

In this instance each of the options considered would involve an increased charge and/or a staffing reduction. Due to the potential effect on residents who, by their nature, are in need of on-site support and may have limited income, fairness requires that they be consulted on such proposals.

6.2 Where consultation is required by a public body such as the council, it must be carried out fairly. This will be achieved where –

(i) consultation is undertaken when proposals are at a formative stage;

(ii) affected parties are told clearly what the proposal is and why it is under consideration;

(iii) consultees are given sufficient information to enable them to make an informed response; and

(iv) the responses are properly taken into account by the public body in reaching its decision.

6.3 Based on the narrative contained in this report, it is considered that these criteria have been met and that, accordingly, the Council has conducted a fair and lawful consultation exercise.

7.0 Conclusion

- 7.1 It is recommended that Cabinet agree that the additional cost of the service be shared between residents and Eastbourne Homes and that the residents' preferred option (Option 2) is approved. A revised rent increase letter will need to be sent in April confirming the new charge from 1 June 2016. EHL staff will be available to explain the letters to residents and the Council will be briefed with regard to Housing Benefit changes.
- 7.2 Eastbourne Homes' Board considered the outcome of the consultation at their meeting on 10 March and, having regard to the majority view of residents, make the recommendation set out at the head of this report.

lead officer name: Tracy Evans

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Background Papers:

None