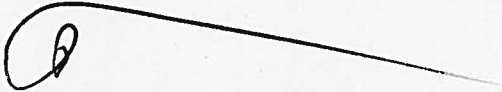


Report for:	Cabinet Member Signing 5 January 2016	Item Number:	
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Title:	Sheltered Housing Service Charges
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Report Authorised by:	<p>TP Lyn Garner, Director of Regeneration, Planning &amp; Development Dan Hawthorn, Assistant Director for Regeneration</p>  <p>23/12/15</p>
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Ward(s) affected: All	Report for Key/ Non Key Decision: Key Decision
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1. DESCRIBE THE ISSUE UNDER CONSIDERATION
  - 1.1 In February 2015, Cabinet considered the Medium Term Financial Plan 2015-18 and noted a proposal to increase service charges in sheltered/supported housing schemes. Cabinet determined that the proposal should be subject to consultation and an equality impact assessment before a final decision to proceed is made by Cabinet or the Lead Cabinet Member.
  - 1.2 This report provides information on the outcome of consultation and equality impact assessment, as required by Cabinet, and recommends that the Cabinet Member approves the proposal.

## 2. CABINET MEMBER INTRODUCTION

- 2.1 It is important that the Council maximises the resources available for housing and this proposal provides an effective means of doing so. It is equally important that this proposal is implemented sensitively and I welcome the extensive consultation, impact assessment and financial advice that Homes for Haringey has undertaken with affected residents.
- 2.2 Decisions affecting potentially vulnerable residents must be taken with great care and it is evident from the report and the impact assessment that this proposal can be implemented with effective mitigation and relatively few residents adversely affected.
- 2.3 I have required officers to keep this implementation under close scrutiny and ensure that any cases of real difficulty are dealt with sympathetically and fairly, with discretion to adjust services or charges where possible. It is not the intention to cause financial hardship and I am confident this change can be achieved without any hardship arising.

## 3. RECOMMENDATIONS

It is RECOMMENDED that the Cabinet Member:

- 3.1 Notes the outcome of the consultation in respect of increased service charges in sheltered/supported housing schemes (as set out in appendix 3 and paragraphs 6.8 – 6.11).
- 3.2 Notes the results of the Equalities Impact Assessment (as set out in appendix 4 and paragraphs 8.10 – 8.14).
- 3.3 Approves the increased service charges in sheltered/supported housing considered by the Cabinet in February 2015, effective from 1 April 2016 (as set out in paragraphs 6.9 and 6.10) with these increases being included in the HRA Business Plan and 2016/17 HRA budget to be submitted to Cabinet in February 2016.
- 3.4 Approves the mitigation and support arrangements for residents affected by the increased service charges in 3.3 above, (as set out in paragraphs 6.12 – 6.18).

## 4. REASONS FOR DECISION

- 4.1 Recommendation 3.1 is required to confirm that the Cabinet Member has noted the consultation outcome in reaching a decision on the proposed service charges.
- 4.2 Recommendation 3.2 is required to confirm that the Cabinet Member has noted the results of the EQIA in reaching a decision on the proposed service charges and the mitigation and support arrangements identified.

- 4.3 Recommendation 3.3 is required to ensure service charges are applied consistently to both general needs and sheltered/supported housing and to generate additional annual income of up to £637k.
- 4.4 Recommendation 3.4 is required to mitigate the adverse impact of the increased service charges on residents, where practicable and to provide support to affected residents who may require financial advice or assistance to meet their service charges

## 5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 To not proceed with service charge increases  
To not proceed with the proposed service charge increases would represent the 'no change' option. This would mean no additional charges for residents and thereby avoid any risk of distress or hardship. However, it would also perpetuate the current inconsistency in charging between general needs and sheltered housing and forgo additional income of up to £637k. Given the Council's financial circumstances, this option was not considered appropriate.
- 5.2 To reduce services for residents and avoid charges  
To reduce services received by residents and avoid the resultant charges has been considered. Some services are essential and could not be reduced without causing health and safety concerns. However, some services, for example the frequency of grass cutting could be reduced. As such services are provided to a sheltered block rather than individual units of accommodation, it would be necessary to consult on such changes on a block by block basis. This option was therefore not included as an option in the consultation, but has been included as a possible mitigation measure (as set out in paragraph 6.12, item (d)).

## 6. BACKGROUND INFORMATION

Cabinet decision – February 2015

- 6.1 Housing management service charges are not currently consistently applied to both general needs and sheltered housing. Charges for grounds maintenance, street sweeping, waste collection, bin/chute cleaning and communal lighting are currently applied to general needs housing but not to sheltered housing. Charges are applied on a cost recovery basis only.
- 6.2 In February 2015, the Cabinet considered a report entitled 'Medium Term Financial Strategy 2015-2018', which included a proposal to apply these service charges to sheltered housing from 2015/16. The report confirmed that housing management service charges are not fully applied to 1,285 residents in supported housing schemes. It also confirmed that applying charges to these residents would generate additional annual income of up to £637k to the HRA (*nb £673k was quoted in the original report due to a transposition error*). The report pointed out that not all service charges apply to all of the supported housing schemes and proposed that tenants are charged for services they receive. The report advised that the potential increase in service charges for residents in supported housing could be up to £8.95 per week when fully

applied, as shown in Table 6 within that report, which is reproduced in italics below.

Table 6 Tenant Service Charges 2015/16 (Supported Housing Schemes)

Tenants service charge	Proposed Charge 2015/16
Grounds Maintenance	£3.01
Street Sweeping	£3.63
Light & Power (Communal Lighting)	£2.15
Bin & Chute Cleaning	£0.16
<b>Maximum increase in service charge</b>	<b>£8.95</b>

- 6.3 The report went on to describe the housing benefit position for affected residents and possible implementation arrangements, including consultation, however the Cabinet resolved as follows:

*“To note the proposal to introduce additional service charges for tenants in Supported Housing Schemes as set out in Table 6, such proposals to be subject to consultation and equality impact assessments and final decision by the Cabinet or Cabinet Member if they are to proceed”*

#### Proposed Charges

- 6.4 The potential increase in service charges for tenants in supported housing could be up to £8.95 per week when fully applied. Applying the charges would mean new weekly charges as follows:

Grounds maintenance	£3.01
Street sweeping	£3.63
Communal lighting	£2.15
Bin & chute cleaning	£0.16
<b>Total increase in service charge</b>	<b>£8.95</b>

- 6.5 The implementation of service charges would be achieved without any direct impact on 1,013 tenants who are in receipt of maximum housing benefit. This means 272 tenants were thought to be potentially adversely affected i.e. be unable to claim housing benefit to fully cover the charges.
- 6.6 The average direct impact for residents without benefits is about £5 per week and the average direct impact for residents on partial Housing Benefit is about £2 per week.
- 6.7 Applying service charges to these tenants would generate additional annual income of up to £637k to the Housing Revenue Account (HRA). However, not all service charges apply to all of the supported housing schemes. It is recommended that tenants are only charged for the services that they receive.

## Consultation and Financial Assessments

- 6.8 Housing management and housing related support services are now both provided by Homes for Haringey (HfH). During June 2015, HfH consulted 1,285 tenants in sheltered and community good neighbour schemes (see sample letter at Appendix 1) and carried out financial assessments.
- 6.9 Drop-in sessions were held in 21 schemes between 9<sup>th</sup> and 24<sup>th</sup> June 2015 (see schedule at Appendix 2). Over 200 tenants attended the sessions and 72 people were offered one-to-one sessions or given individual advice.
- 6.10 There were 197 written responses to the consultation, which are summarised in Appendix 3. Overall, there were 147 negative responses (74%) and 46 positive responses (23%) and 4 'don't know' responses (2%). Approximately half the negative responses expressed concerns about vulnerability and ability to pay (71 responses). The other negative responses commented on unfair charges (26 responses), unsatisfactory quality of service (19 responses) and that Council Tax covers these services (9 responses).
- 6.11 The financial assessments showed that 70 tenants who do not receive any housing benefit are likely to fund the proposed service charges themselves. 202 tenants were found to receive partial housing benefit and would therefore potentially have to fund a proportion of the proposed service charges themselves.

## Mitigation and Support Arrangements

- 6.12 In the light of the consultation responses and the financial assessments described above, mitigation and support arrangements have been explored. Work for the EqIA (see Appendix 4 and paragraphs 8.10 – 8.14 below) has identified a number of actions to mitigate the impact of the proposed service charges, as set out below.
- 6.13 HfH are engaging with all affected residents to prepare them for the change and are offering assessments to residents directly affected. Out of the 272 households (mostly single person households) who are directly affected, HfH arranged a financial assessment with 202 households. 70 households refused as they feel they are able to fund the difference and do not wish to disclose their financial situation.
- 6.14 From the 202 households :
- (a) 20 households have a saving of more than £16,000
  - (b) 7 households have an income too high for support eligibility
  - (c) 102 households are eligible for (further) Housing Benefit and HfH are assisting with the relevant application
  - (d) 34 households are eligible for other benefits and HfH are helping with the relevant application process
  - (e) 12 households now have full HB in place since the consultation in June 2015.

- (f) 8 households had a meeting arranged, but this has not taken place yet as they are abroad for a longer period.

This leaves 19 households having to pay the difference themselves. For these and other residents, HfH have provided the following:

- Budgeting Advice
- Utility Advice
- WaterSurePLus eligibility assessment and support with application to reduce the water charge by about £2 per week, which compensated for the proposed increase in Service Charges.

- 6.15 Additional support and budgeting advice is being offered to residents affected through the Financial Inclusion Team to ensure that residents are receiving all the support they are entitled to
- 6.16 Where a resident is likely to suffer particular financial hardship as a result of the scheme, HfH will make every effort to find alternative funding to minimise the impact, such as assisting Residents to successfully apply for WaterSurePlus or alternative money saving utility plans.
- 6.17 HfH will be reviewing the potential for blocks to be offered reduced levels of service where possible to offset the increased charges and will be consulting on this on a block by block basis where necessary.
- 6.18 The implementation will be kept under review. Scheme managers are in regular contact with residents and will deal with individual problems if they arise. A full review of service charges across all tenures is planned and the any changes to charging policy or practice required for this client group will be identified as part of that work.

## 7. CONTRIBUTION TO STRATEGIC OUTCOMES

- 7.1 This proposal contributes to corporate plan objectives by charging for services provided in order to recover costs. This will increase the financial resources available within the Housing Revenue Account, which will be applied in support of Priority 5 "Create homes and communities where people choose to live and are able to thrive".

## 8. STATUTORY OFFICERS COMMENTS (CHIEF FINANCE OFFICER (INCLUDING PROCUREMENT), ASSISTANT DIRECTOR OF CORPORATE GOVERNANCE , EQUALITIES)

### Finance and Procurement

- 8.1 If the recommendations in this report are agreed and implemented then the proposed increase in service charges relating to Sheltered Accommodation will generate up to an additional £637k income to the HRA in a full year. Original plans were to put the increase in service charges in place for the financial year 2015/16 but this has not been possible and will produce a shortfall in revenues

for this financial year. The current scheduled implementation date is the 1<sup>st</sup> April and will be included in budget planning estimates for future years.

8.2 It should be noted that the additional income projected may be reduced by a number of potential factors:-

- The Welfare Reform and Work Bill referred to in paragraph 8.9 of this report may impact on the authority's ability to raise service charges. This will not be known until the Bill is passed.
- It is noted in paragraph 6.17 that tenants may be offered the ability to forgo certain services in exchange for a reduced service charge. This may reduce the income generated without achieving an equal reduction in the cost of supply of these services.
- It is possible that the increase in service charges may lead to an increase in bad debts. This will also affect the estimated additional revenues generated. .

#### Legal

8.3 The Assistant Director of Corporate Governance has been consulted in the preparation of this report.

8.4 S24 of the Housing Act 1985 permits the Council to make such reasonable charges as it determines for the tenancy or occupation of its houses. The Council's form of tenancy agreement for sheltered housing permits it to vary service charges on one week's notice with no restriction on when that notice can be given. It is proposed that the service charges involved be varied by notice taking effect at the same time as the rent for the year 2016/17.

8.5 The costs involved are not building works and hence do not require formal "section 20" statutory consultation. S19 of the Landlord and Tenant Act 1985 however limits recovery of costs of provision of services by way of service charge to a cost reasonably incurred for services provided to a reasonable standard. Insofar as service charges are levied in advance of the incurring of the costs this section further limits recovery to "a reasonable amount". Officers consider the proposed charges to be reasonable; the services to be provided to a reasonable standard; and the levying of the charge for a year by weekly instalments through the year, insofar as it constitutes advance payment to involve charging a reasonable amount.

8.6 There is no statutory requirement to consult upon the introduction of these charges. Cabinet has however requested consultation, details of the response to which are provided elsewhere.

8.7 By contrast, withdrawal of services may be sufficiently significant to require consultation under s105 of the Housing Act 1985, and this will be considered in the review of provision proposed under paragraph 6.17 above. It is unlikely, however, that a change in the frequency of service provision, as opposed to outright withdrawal, would trigger statutory consultation. It is however

recommended that, even if formal consultation is not legally required, the officers conducting the review engage with the affected tenants.

8.8 Increases in variable service charges are not caught by the Government's Guidance on rents for social housing; the limitation on rent increases to CPI + 1% applying for 2015-16 applies only to the net rent, although the Guidance encourages authorities to "endeavour to keep increases for service charges within the limit of rent changes". The proposal corrects a historical anomaly between Sheltered and General needs stock, and does not represent a general increase in service charges across the council's stock.

8.9 Clause 21 of the Welfare Reform and Work Bill, currently at Committee stage in the House of Lords, requires a reduction in rents charged to secure tenants over the next 4 years by 1% per annum from those applying at 8 July 2015. The Cabinet Member should be aware that while the Bill as it now stands defines "rent" in secure sheltered housing as excluding service charges, any amendment may prevent implementation of this proposal by including service charges within rent.

#### Equality

8.10 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

8.11 The EqIA identifies that 282 residents would be financially disadvantaged by the policy change as they are not in receipt of housing benefit or their costs are only partially covered by housing benefit. As this proposal relates to sheltered housing which supports some of our most vulnerable residents it is likely to impact on those with the protected characteristics, including older residents and disabled residents.

8.12. The EqIA has identified a number of actions to mitigate the impact of this policy

- (a) HfH are engaging with all affected residents to prepare them for the change and are offering assessments to residents directly affected.
- (b) Additional support and budgeting advice is being offered to residents affected through the Financial Inclusion Team to ensure that residents are receiving all the support they are entitled to.

- (c) Where a resident is likely to suffer particular financial hardship as a result of the scheme, HfH will make every effort to find alternative funding to minimise the impact, such as WaterSure Plus or alternative money saving utility plans.
- (d) HfH will be reviewing the potential for blocks to be offered reduced levels of service where possible to offset increased charges and will be consulting on this on a block by block basis where necessary.

8.13. Financial assessment work has been conducted by Homes for Haringey in respect of 272 households identified in that work as being directly affected, as set out in paragraphs 6.13 and 6.14 above.

8.14. As well as financial assessments for residents most affected, consultation has been conducted with all residents. The outcome of this consultation and officer responses to the issues raised is summarised in Appendix 3.

## 9. USE OF APPENDICES

- Appendix 1 – Sample consultation letter
- Appendix 2 – Schedule of consultation sessions with residents
- Appendix 3 – Summary of consultation responses
- Appendix 4 – Equalities Impact Assessment

## 10. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background documents:

Cabinet report and minutes: Corporate Planning 2015-2018 (Annex 4 Proposed HRA Medium term Financial Plan 2015-2018) 10<sup>th</sup> February 2015