

CABINET

13TH OCTOBER 2011

REPORT OF THE PORTFOLIO HOLDER of QUALITY OF LIFE

Impact of Supporting People Funding on Landlord Services Sheltered Housing

EXEMPT INFORMATION

None

PURPOSE

Landlord Services currently hold a contract with Staffordshire County Council for the provision of its Sheltered Housing Service. The County have confirmed they intend to reduce the maximum level of funding, currently estimated at £42,000. Final notification on actual amounts is awaited. However, by way of preparation, this report proposes efficiency savings that will contribute to the Cabinet's intention to protect front line services.

RECOMMENDATIONS

- ✓ To challenge the scale of reduction in funding in order to minimise the overall impact on tenants
- ✓ To accept a contract variation from Staffordshire County Council avoiding procurement of the accommodation based service in 2012.
- ✓ Delegate authority to the Portfolio Holder of Quality of Life and Deputy Director of Housing to agree the final approach and detail around efficiency savings

RESOURCE IMPLICATIONS

The current Sheltered Housing contract is due to expire on 30th September 2011. The County propose to have interim arrangements until April 2012 whereupon they then intend reducing the overall grant funding, by way of a contract variation. The amount of supporting people funding paid for 2010/11 was £284,414 based on customer eligibility. This figure inevitably fluctuates as people's eligibility for housing benefit changes and because some tenants directly pay for the service. A reduction in grant funding could mean a loss in front line staff if those costs cannot be absorbed elsewhere. The grant is not currently paid through a block gross grant, but is administered on an individual basis. There is the potential going forward to investigate efficiencies with this being paid directly to Tamworth.

The County Council have written to the Borough Council (attached at annex one) confirming they are required to demonstrate that the current services offer good value for money in the current market evidenced through an evaluation of the current pricing structure across local sheltered housing services. A review of unit costs has been undertaken in respect of appraising the impact of the removal of the 20% pricing 'cushion' from the Staffordshire Value for Money Framework. The impact of this for Tamworth will mean a cut in funding across sheltered housing schemes, although it is not yet clear what the exact amount will be.

The average unit price for sheltered housing in Staffordshire is £14.03 per week, and £19.06 per hour. The average staffing input is 0.77 hours per unit per week.

Tamworth Borough Council's unit price ranges from £16.73 to £21.96 and between £16.96 to £21.18 per hour. The staffing input in Tamworth ranges between 0.87 to 1.30 hours per unit per week.

The pricing mechanism applied to the support costs of Staffordshire's sheltered housing services links the weekly unit price to the staff to client ratio, and allows for a 20% tolerance above the average price at any given staffing ratio. Given the pressures on housing support funding, the county proposal is to remove that 20% tolerance. If implemented, this will reduce the unit price paid to all of Tamworth Borough Council's sheltered schemes.

Officers will continue to challenge the basis for this decision given they argue Tamworth's sheltered housing costs are high, when in fact the supporting people costs are seen in isolation. When added to rent and service charges they are actually lower than providers of other accommodation based services. Equally officer time needs to be re-apportioned as the recent landlord structure now means there is a greater staff ratio for sheltered and supported housing which would inevitably reduce the average unit price anyway.

The County Commissioner for Older People and Prevention in discussion with legal and procurement colleagues at the County have appraised the future procurement options open for the provision of accommodation based services, with a view to seeking a waiver to extend the contracts for a further specified period. Accepting this reduction is considered a better alternative to tendering these services through an open market tender and one which considers the wider impact on providers, service users and the sheltered housing market.

Should Tamworth reject this pricing arrangement then this could force the County into open market testing and Tamworth may not be selected as the preferred provider based on the most economically advantageous model going forward. This would force a review of sheltered housing services and could result in Landlord Services not being the provider in the future.

LEGAL/RISK IMPLICATIONS BACKGROUND

There are key risks associated with the reduction in funding by the County, captured below:-

Risk	Control
Rejection of the County wide cuts in funding could lead to them procuring the services and Tamworth not being successful	Efficiency savings can be made protecting front line services and responding to the value for money assessment by the County
Efficiency Savings identified could be insufficient to meet the funding reduction proposed and lead to loss of front line staff	All efficiency measures will be explored with the County
Additional administration for officers to apportion costs to Housing Management where reasonable and lawful to do so	This is a legitimate way to apportion costs and resources have already been reviewed to manage this level of work and will follow a period of consultation
The County could cut funding in the future and changes to front line service may not be avoidable	Tamworth is exploring ways it can grow its extra care services in relation to flexi care and is looking at how it can commission domiciliary care

Officers are optimistic that the County will review their overall cuts in the final notification and that this coupled with the efficiency measures identified above will avoid front line losses for the time being.

SUSTAINABILITY IMPLICATIONS

The continued delivery of Sheltered Housing directly contributes to the Council's strategic priorities. Landlord Services successfully procured a new strategic partner for its 24hour call handling service in 2010/11 and provided for better use of resources, allowing for further investment in sheltered housing services. Sustaining and promoting independent living also contributes to healthier outcomes for customers and communities.

MATTERS FOR CONSIDERATION

Corporate Impact

The Landlord Sheltered Housing Service directly contributes to achieving Corporate strategic priorities around sustaining healthier, safer and more prosperous communities. The provision of Sheltered Housing, and more recently the development of services at Thomas Hardy Court, is well regarded in Staffordshire. In fact the service has just been accredited for the 3rd time, with the independent Centre for Housing Support standard. This passports Tamworth through the County wide quality assessment framework. Assessors remarked that the service is outcome focused and providing an excellent service for its tenants in relation to independent living. The assessor also remarked that in relation to improving tenants' quality of life the service was good. As a consequence, and in order to maintain this quality service Tamworth will work with the County to preserve the levels of funding to minimise any adverse impact to customers.

Best use of resources

Officers have been involved in detailed discussions with the County in relation to these proposed changes since the announcement in August 2011. The actual reduction is yet to be confirmed but Landlord Services believe that by continuing its robust approach to value for money / efficiency coupled with maximising other funding opportunities then reductions to front line services should be avoided.

Cabinet are recommended to delegate authority to the Portfolio Holder of Quality of Life and the Deputy Director of Housing to oversee and support the following actions:-

- ✓ Challenge the County's pricing framework based on the overall apportionment of officer time and seek to limit any overall pricing reduction.
- ✓ Re-allocate costs from supported housing to housing management, which could be eligible for housing benefit, maximising legitimate funding opportunities
- ✓ Support the separating of service charges to allow for comparable benchmarking on costs
- ✓ Identify any grant surplus currently aggregated within the overall budgeted income, for example the community alarm service, to offset any short fall.

Should these efficiency measures not be sufficient then a further report will be presented to Cabinet.

Impact Assessment

Cabinet should be aware that discussions have been held with the Tenant Consultative Group and with Seniors United and they have clearly favoured an approach that minimises service disruption to tenants and avoids front line service cuts.

Landlord Staff are currently preparing a health impact assessment to share with the County to support the continued levels of funding and service.

At this stage it is not proposed to change or vary service costs to customers.

REPORT AUTHOR Tina Mustafa Head of Landlord Services

LIST OF BACKGROUND PAPERS

APPENDICES

Annex One - Letter from Staffordshire County Council – Sent August 2011

Not available - Tamworth Notification of a contract Variation – awaiting anticipated anytime