

**HERTFORDSHIRE COUNTY COUNCIL
ADULT CARE SERVICES SELECT COMMITTEE
TUESDAY 12 JULY 2001 AT 2.15 P.M.**

Agenda Item No:

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**SUBJECT: SUPPORTING PEOPLE: MAXIMISING HOUSING BENEFIT
FOR CLIENTS IN HOSTELS AND GROUP HOMES**

Report of the Director of Adult Care Services

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Executive Member: Jane Pitman

1. Purpose of the report

To request the Select Committee to comment on a proposal from the Executive Member for Adult Care Services that the County Council introduce a real terms increase in charges for in-house residential accommodation for adults in order to better reflect the true costs and to maximise income, which is primarily paid via housing benefit. The Select Committee's comments will be passed to the Cabinet and Executive Committee to be taken into account when a decision is made on the proposal.

2. Summary

- 2.1 Adult Care Services provides residential accommodation in hostels and group homes for clients from all non-elderly client groups. Clients are charged rent, but for the vast majority of clients the charge is met almost entirely from housing benefit with a small contribution from the clients' own income. The rent covers housing management, housing services, utilities and support to clients known as general counselling and support.
- 2.2 The budget for 2001/02 was set using an increase for inflation of 2.4%. In anticipation of "Supporting People", which will change the arrangements for funding supported housing, the rent has been reviewed with a view to maximising the charge for general counselling and support. This review showed that the charge for time spent providing general counselling and support to clients was understated. It was also found that the charge for client's personal use of fuel and water, which is met from the client's own income should be reduced. The rent has therefore been recalculated. The

proposed rent of £153.23 per week is an increase of 13.24% on the rent charged in 2000/01.

3. Financial Implications

- 3.1 The rent charged to clients has not been increased for 2001/02 pending the outcome of this review.
- 3.2 The proposed increase from £135.31 per week in 2000/01 to £153.23 is an increase of 13.24%. This is made up of 2.4% for inflation and a real terms increase of 10.84%.
- 3.3 The real terms increase will generate additional income of around £280,000 in a full year and £190,000 in 2001/02.

4. Conclusion

- 4.1 Subject to agreement of the Cabinet/Executive Committee on 23 July the rent would be increased to £153.23 per client per week with effect from 30 July 2001.
- 4.2 **Reasons for the proposed increase in rent**
From April 2003 the system for commissioning and funding supported housing will change. The element of housing benefit that meets the cost of housing services, housing management and repairs will continue to be paid by district councils. The element of housing benefit that meets the cost of support to clients (general counselling and support) will be funded by the new arrangements known as “Supporting People”.
- 4.3 The budget allocated for “Supporting People” will be influenced by the total of housing benefit for general counselling and support paid to housing providers in 2000/01 and 2001/02. It is therefore in the interest of housing providers to ensure that their charges for general counselling and support accurately reflect the time spent and costs of the support provided. Achieving this is the subject of a great deal of work across Hertfordshire and nationally at the present time and other housing providers are also reviewing their costs.
- 4.4 The time spent providing general counselling and support to clients has been calculated to be on average 5.25 hours per client per week in group homes and 3.5 hours per client per week in hostels. This increase in rent will therefore more accurately reflect the cost of general counselling and support in the County’s residential accommodation.
- 4.5 The other elements of rent have also been reviewed. Clients meet the charge for personal heating and water from their own income. Based on budgeted costs it is proposed that this charge be reduced to £4.68 per client per week.

The proposed rental charge is as follows:

	Hostels	Group Homes
	£ per week	£ per week
Pure Rent element	63.01	56.07
Housing Services and Management	41.39	26.28
General Counselling and Support	44.15	66.20
Rent met from Housing Benefit	148.55	148.55
Personal Water	0.88	0.88
Personal Heating /Lighting	3.80	3.80
Rent met from own income	4.68	4.68
Total Rent Payable	153.23	153.23

4.6 **Impact of the increase on clients and district councils**

As most of the rent liability is met from housing benefit, there will be no financial impact from the increase on the vast majority of clients, apart from a small saving on the charges the clients have to meet themselves (water and energy costs). Their housing benefit will increase to reflect the increased rent payable. Seven clients currently pay the full amount of rent themselves and in these seven cases, the clients will have to meet the full increase. These are clients who have savings in excess of the housing benefit capital limit of £16,000. If, for any reason, this rent causes hardship, Adult Care Services can consider the use of its discretionary powers to address this.

- 4.7 District Councils are responsible for meeting the costs from housing benefit and they are likely to agree this as the increase can be clearly justified. District Councils recover 95% of most housing benefit paid from direct government subsidy, so the actual impact on the districts is around 5% of the increase or £14,000 per annum. This is approximately £1,400 per Hertfordshire District and again should not present a problem as the amount can be justified. Members should however be aware that this small impact on districts does arise.

Background information referred to by the author whilst compiling this report.

DETR Supporting People “the essential pack”
Adult Care Services Review Budget 2001/2002

If you would like to know more about the issues referred to in this report please contact Mike Curtis (tel. 01992 556365).