

Committee:	Date:
Housing Management & Almshouses Sub Committee	25 Sept 2014
Subject:	Public
Reduction in external funding to Almshouses residents	
Report of:	For Decision
Director of Community & Children's Services	

Summary

This report sets out an issue which has arisen at the City of London Almshouses following a change in the way that the London Borough of Lambeth provides support to vulnerable residents. The result of this change has been a reduction in grant funding to residents at the Almshouses.

City of London staff have worked very closely with colleagues from Lambeth to mitigate the impact of this change on individual residents and, for the most part, we have been able to ensure that the shortfall has, in the majority of cases, been covered by Housing Benefit.

However, a small number of residents ineligible for benefits but on a low income are affected. The report sets out the situation for Members to consider and suggests some options if they wish to provide some short-term financial support.

Recommendation(s)

Members are asked to:

- Agree a discretionary payment to the five residents affected by the financial changes for a period of 3 years, as set out in paragraph 9;
- Ask the Director to carry out a review of the eligibility criteria for the Almshouses and report back to the Housing Management & Almshouses Sub-Committee in November 2014.

Main Report

Background

1. In April 2014, the London Borough of Lambeth introduced changes to the way in which they provide support to vulnerable people. This was subsequent to the removal of the ring-fence on Supporting People funding, which had led to a need for savings.
2. Prior to this, Lambeth paid a Supporting People grant to the providers of sheltered accommodation within the borough, to cover the cost of support for vulnerable residents. The City of London Almshouses Trust (COLAT) received a

grant for its residents and this was used to pay for a range of services which would, otherwise, have been charged directly to tenants.

3. Under the new arrangement, Lambeth support vulnerable people in the borough through a team of peripatetic workers. To pay for this, they have withdrawn the grant payments to sheltered housing providers. This impact of this for us is that COLAT residents are now liable for the portion of their service charge previously covered by the grant.

Current position

4. Colleagues in Lambeth gave City managers early notice of the changes and we have worked closely with them for some months to mitigate the impact on our residents.
5. We have been able to attribute the increased service costs to charges covered by Housing Benefit. As most of our residents are claiming full Housing Benefit, this means that there has been no financial impact on them.
6. We do, however, have a small number of residents who are employed and are not claiming benefits. We refer to these residents as 'self-funders'. There are five self-funders, all on low incomes, but ineligible for benefits. These five residents are now facing the need to find an additional £16.54 per week to cover the shortfall in their service charges.
7. Whilst not a large sum, this is a significant amount for a low earning person to find, and is causing the affected individuals to be facing considerable financial hardship. Therefore, given the charitable nature of the COLAT, officers felt it was important to bring this to the attention of Members and seek guidance on whether they wish to offer some support.

Options for consideration

8. Members could decide that the increased service charges are the responsibility of the individual residents and that they cannot offer support.
9. The second option would be to offer a subsidy to cover the shortfall on the charges to the five residents. This could be on a time-limited and reducing basis. A typical arrangement for a discretionary payment might be to provide a reducing amount over a three year period. If the full shortfall were to be provided in the first year, and the amount reduced by 20% in each of the two subsequent years, the cost to the COLAT would be as follows:

Year	Total cost to COLAT (£)
1	4300.40
2	3440.32
3	2752.26
Total cost of subsidy over 3 years	10492.98

This is the option recommended by officers as it supports residents, but reduces the liability for the COLAT.

10. Members may, however, wish to consider a third option - for COLAT to fund the shortfall in full for a three year period. This would incur a total cost of £12,901.20.
11. Either of the second two options would be likely to support the five residents to a point where they retire from employment and can then claim benefits to cover the shortfall. If any were still in hardship at that time, officers would reapply to Members for further support.
12. Should any of the five residents have a change in their circumstances within the three year period that would entitle them to claim Housing Benefit, the discretionary payment would cease. This would reduce the total cost of the subsidy.
13. The subsidy would only be applicable to those five existing residents and would not be offered to any new tenants. It is the view of Housing officers and the Chamberlain's department that a review of eligibility criteria for the Almshouses would be in order to ensure that changes of this nature can be taken into account in future. Officers propose to carry out a review and report back to Members in February 2015 with some recommendations.

Recommendations

14. Members are asked to
 - Agree a discretionary payment to the five residents affected by the financial changes for a period of 3 years, as set out in paragraph 10;
 - Ask the Director to carry out a review of the eligibility criteria for the Almshouses and report back to the Housing Management & Almshouses Sub-Committee in November 2014.

Consultation

15. The Chamberlain has been involved in the development of this report and has confirmed that the additional costs can be covered from existing budgets.

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