



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: HOUSING & COMMUNITY ENGAGEMENT

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**Date of Meeting:** 19 November 2012

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**Public**

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**Key Decision:** Yes

**Recorded in Forward Plan:** Yes

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**Inside Policy Framework**

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**Title:** REVIEW OF CHARGES 2013/14

**Report of:** The Director of Community Engagement

**Report reference:** CD 53/12

### **Summary:**

This report sets out the charges for the Hostel services and Disabled Facilities Grants (DFG's) falling within the responsibility of the Community Engagement Directorate.

### **Recommendations:**

The Executive is asked to agree the increase in charges as set out in the report with effect from 1<sup>st</sup> January 2013 noting the impact these will have on income generation as detailed within the report

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## **1. BACKGROUND INFORMATION**

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 Executive approved the current Hostel Services charges on 19/12/11 with an implementation date of 1<sup>st</sup> April 2012 (CD/25/11). The report highlighted the rationale which reflects the actual costs of the service delivery in line with the Council's Corporate Charging Policy. It was agreed that the rent rationale would be reviewed annually to reflect the actual costs of the services.
- 1.3 Fees of 10% for DFG's are longstanding.

## **2. CORPORATE CHARGING POLICY 2013/14 TO 2017/18**

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 3 September 2012 and Full Council on 11 September 2012 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:-
  - Recover cost of service provision
  - Generate Surplus Income (where permitted)
  - Maintain existing service provision
  - Fund service improvements or introduction of new services(s)
  - Manage demand for service(s)
  - Promote access to services for low-income households
  - Promote equity or fairness
  - Achieve wider strategic policy objectives (e.g. encouraging Green Policies)

- 2.2 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## **3. HOSTEL SERVICES**

- 3.1 In 2011/12 Carlisle City Council was contracted by Cumbria County Council to provide housing related support within the hostel services with an annual value of £305,622. These contracts ended on 31 March 2012. A new contract was issued on

1 April 2012 to provide housing related support to homeless women and families living within the family Hostel and Home- shares with an annual value of £125,135.

- 3.2 In response to the outcomes of the Supporting People tender process, a service and staffing review is underway in the hostels.
- 3.3 The City Council has a statutory responsibility under part 7 of the Housing Act, 1996, as amended to provide temporary accommodation to people who are vulnerable under the act and are homeless or at risk of homelessness within 28 days. The authorities approach to service provision is based on a pathways model of assessment, providing a 24/7 service of temporary accommodation, out of hours emergency homeless response and resettlement and move on services.
- 3.4 The proposed new structure for the hostel service reduces staff from 15.6FTE to 11.4FTE and is the minimum staffing level required to deliver our statutory responsibility ensuring both clients and staff are not put at risk and we minimise the use of bed and breakfast accommodation. There are also changes in job role.
- 3.5 Eligible rent levels under the Housing Benefit Regulations have recently been agreed for a five tier charging structure that reflects usage and that is in line with the corporate charging policy. Although a five tier rent structure is a more transparent way of calculating rent levels, it does make comparisons with the three tier 2011 charging structure more difficult, with the exception of John Street.
- 3.6 Pending Executive approval for the revised rent charges, it is prudent to flag up a projected £14,000 projected deficit on the proposed 2013/14 revenue budget for the hostels. There will be a further review of hostel expenditure to bridge the shortfall and ensure that expenditure is in line with budget.

### 2013/14 PROPOSED HOSTEL CHARGES (from 1<sup>st</sup> January 2013)

PROJECT		Proposed Charge from 1 January 2013	Current charge
<b>LONDON ROAD FAMILY RATE</b>			
8 Units	Total Charge	£284.34	£279.85
8 Units	Personal Charge	£17.92	
<b>LONDON ROAD SINGLE RATE</b>			
2 Units	Total Charge	£244.02	£279.85
2 Units	Personal Charge	£12.74	
<b>JOHN STREET</b>			
28 Units	Total Charge	£279.32	£225.79

28 Units	Personal Charge	£12.67	
<b>HOMESHARES FAMILY RATE</b>			
7 Units	Total Charge	£283.64	£229.56
7 Units	Personal Charge	£18.41	
<b>HOMESHARES SINGLE RATE</b>			
5 Units	Total Charge	£282.24	£229.56
5 Units	Personal Charge	£13.58	

#### 4. DFG FEES

Carlisle City Council currently charges fees for its core Disabled Facilities Grant (DFG) service to meet the revenue costs of delivering the service. These fees are currently set at 10%. Carlisle was recently accredited as a Home Improvement Agency (HIA) in July by Foundations, the national body for HIAs.

- 4.1 Fee levels nationally are now currently at 12.5% and it is proposed that Carlisle raise its fees accordingly. For extensions to properties, where there is additional drawings and specifications to be prepared, it is proposed to raise the fee to 15%. This will raise additional revenue and contribute to the savings the Directorate needs to make. The HIA will also shortly be offering its services to private clients and the fees level needs to reflect the cost of the work and market rates.
- 4.2 DFGs are mandatory grants that are made to adapt the homes of older and disabled people. Carlisle is also currently establishing additional services under the HIA to help, particularly, older people remain independent at home for as long as possible. This is a key aim for both Health and Social Care. We are working closely with our partners to ensure the right services and support are in place.
- 4.3 The effect of taking a charge is to convert what is a capital grant to revenue. Most of the funding comes from an annual Government Grant as detailed below. Currently there are no waiting lists for DFGs and the budget last year was both kept to and spent and taking an increased fee would not affect the service to our clients. We are also lobbying for additional funding to increase Government's contribution to the budget. It is expected an additional amount will be allocated shortly from the Department of Health as last year.

- 4.4 There is a need to review the MTFP for DFGs to reflect the spend accurately as part of a review in 2013/14. As in previous years, the MTFP target for fees has not accurately reflected the actual spend.

### **2013/14 PROPOSED DFG Fees (from 1<sup>st</sup> January 2013)**

The Table below shows actual fee income received during the 11/12 Financial Year.

Year	Spend	Fees raised
2011-12	£1,020,486	£98,122

The Table below shows projected fee income levels based on 12.5% for the last quarter of the current year, and for 12.5% and 15% in 2013/2014. All figures are estimated, based on the changes taking effect in last quarter 2012-13 and are subject to the review of the MTFP target. Department of Health funding is provisional and has not yet been confirmed.

Year	Budget	Allocation	DOH Funding	Fees raised
2012-13	(£863,000)	£663,000		(£91,663)
2013-14	(£938,000)	£663,000	(£75,000)	(£124,750)

## **5 SUMMARY OF INCOME GENERATED**

### **5.1 Hostels and DFGs**

The introduction of the hostel charges and DFG proposed fee charges are forecast to generate income of £516,500 and £123,800 which is summarised in the table below:

<b>Service Area</b>	<b>Original Estimate 2012/13 £</b>	<b>MTFP Target 2013/14 £</b>	<b>Original Estimate 2013/14 £</b>	<b>Difference to MTFP Target £</b>	<b>% (Increase)/ Decrease</b>
Hostel Charges	445,800	516,500	516,500	0	3.8%
DFG Fees	123,800	123,800	123,800	0	

## **6. RECOMMENDATIONS**

Executive is asked to agree the increase in charges and fees as set out in the report with effect from 1<sup>st</sup> January 2013 noting the impact these will have on income generation as detailed within the report

## **4. REASONS FOR RECOMMENDATIONS**

To ensure that hostel charges and DFG fees reflect the actual costs of service provision and are in line with the City Council's Corporate Charging Policy.

## **5. IMPLICATIONS**

- Staffing/Resources – N/A
- Financial – included within the main body of the report.
- Legal – Paragraph D.31 of the Council's Financial Procedure Rules provides that, except where specifically approved all new charges or changes to existing charges require prior approval of the Executive.
- Corporate – The report reflects the Council's Charging Policy and recognises the MTFP requirements.
- Risk Management – The income forecasts and charging reflect the current market climate and known issues which could impact on income levels in 2013/14.

**Impact assessments**

- **Does the change have an impact on the following?**

<b>Equality Impact Screening</b>	<b>Impact Yes/No?</b>	<b>Is the impact positive or negative?</b>
Does the policy/service impact on the following?		
Age	<b>Yes</b>	<b>positive</b>
Disability	<b>Yes</b>	<b>positive</b>
Race	<b>Yes</b>	<b>positive</b>
Gender/ Transgender	<b>Yes</b>	<b>positive</b>
Sexual Orientation	<b>Yes</b>	<b>positive</b>
Religion or belief	<b>Yes</b>	<b>positive</b>
Human Rights	<b>Yes</b>	<b>positive</b>
Health inequalities	<b>Yes</b>	<b>positive</b>
Rurality	<b>Yes</b>	<b>positive</b>

**If you consider there is either no impact or no negative impact, please give reasons:**

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**CORPORATE CHARGING POLICY 2013/14 TO 2017/18**

This appendix sets out the corporate approach to the setting of fees and charges.

Each service is required to consider how and to what extent each of the following applies to the fees and charges it proposes to set:

**1. Objectives of Charge - Set out the principal objective(s) of setting the charge:**

- Recover cost of service provision
- Generate Surplus Income (where permitted)
- Maintain existing service provision
- Fund service improvements or introduction of new service(s);
- Manage demand for service(s)
- Promote access to services for low-income households;
- Promote equity or fairness;
- Achieve wider strategic policy objectives (eg encouraging green policies).

**2. Other factors influencing decisions on whether and how much to charge:**

- The Council's historic approach to charging
- The views of local politicians, service users and taxpayers
- Other Councils' and service providers approach to charging
- Levels of central government funding and policy objectives
- The Council's overall financial position
- Changes in demand for services
- Policy on Concessions
- Availability of powers to charge for discretionary services (eg pre application planning advice)
- Central Government policy objectives



### **3. Targeting Concessions - The following target groups should be considered:**

- Persons over 65
- Unemployed
- Young persons under the age of 18
- Students in full time higher education
- Community Groups
- Those in receipt of supplementary benefits, tax credits, attendance allowance, disability living allowance and other appropriate groups

### **4. Trading**

The Council is empowered to sell goods or services to other public bodies or trade commercially through a company with non-public bodies. The objectives should be considered for relevant services (including Building Cleaning and Maintenance, Vehicle Maintenance, Grounds maintenance, Legal Services, Human Resources, IT, Payroll, Planning and Development Services) as follows to:

- Deliver services more strategically on an area-wide basis
- Achieving greater efficiency
- Capitalise on expertise within the council
- Utilise spare capacity
- Generate income
- Support service improvement

### **5. Value For Money**

- Has charging been used as a tool for achieving strategic policy objectives?
- Has the optimum use of the power to charge been used?
- Has the impact of charging on user groups been monitored?
- Has charging secured improvements in value for money?
- Has charging been used as a tool to reduce increases in Council Tax?