

REPORT OF: HOUSING, HEALTH AND ECONOMIC DEVELOPMENT
SERVICES MANAGER

TO: EXECUTIVE

DATES: 30th JUNE 2016

Contact Details: Wayne Forrest
Tel. No: 01282 661044
E-mail: wayne.forrest@pendle.gov.uk

**PENDLE WOMEN'S REFUGE
POTENTIAL LOSS OF SUPPORTING PEOPLE FUNDING**

PURPOSE OF REPORT

1. To update Executive on the potential loss of Supported People funding for the Refuge from 1st April 2017 and consideration of possible options for the future of the Refuge.

RECOMMENDATIONS

2. Executive is recommended to:
 - (a) agree permission to undertake a 'soft market test' with selected partners to ascertain whether there is a feasible option for an external provider to manage the Refuge.
 - (b) that work be undertaken to ascertain feasibility of providing an expanded service, which would enjoy greater benefit from economy of scale
 - (c) receive an update report in early October 2016

REASON FOR RECOMMENDATIONS

To examine different ways of retaining the Refuge should the decision be made to cease Supported People funding

ISSUE

[Pendle Women's Refuge](#) is owned and managed by the Council to provide safe refuge accommodation for victims of domestic violence / abuse. The scheme encompasses space for nine households of which one bedroom is adapted to better meet the needs of women and children with disabilities. Some of the bedrooms are en-suite and all households share a kitchen / lounge / dining / laundry area. The Refuge is managed by 1 x Refuge Manager (37 hours), 1 x Supported Housing Officer (37 Hours) and 2 x Supported Housing Assistants (1 x 16 hours, 1 x 16 hours + 12 hours per week on a temporary basis).

The Refuge is funded by

- Supporting People (SP) contract - £88,730pa
- Rental income – variable but c£81k based on occupancy rate of 71.4% in 2015-16.
- Rental of office space to PDVI – current rental income of £4,500pa
- ad hoc donations from agencies / general public
- underwrite from the Council as required

LCC Full Council agreed on 11th February 2016 to accept [proposals](#) to deliver savings, which includes the ceasing of non-statutory elements of the SP service (048 Prevention and Early Help Fund). Consultation has now started in relation to decisions taken regarding SP funding and it is anticipated that the findings will be considered by LCC Council Members in Summer 2016.

At Annual Council on 19th May 2016:-

- Council notes the threat to funding for the Pendle Women's Refuge after the end of this financial year, due to the Government failing to fund the Supporting People programme.
- Council recognises the invaluable support provided by the refuge for very vulnerable people and families over many years.
- Council calls upon Lancashire County Council to do all that they can to ensure that the refuge can continue to operate for the foreseeable future.
- Council resolves to write to the Chief Executive and Leader of the County Council to convey this view and that the member of Parliament for Pendle is requested to fight for adequate Government funding to ensure such services continue

If the decision is not reversed and the Refuge SP contract (£88,730pa) ends on 31st March 2017, the Council will need to decide how to proceed from April 2017 if this funding ceases. The following options have been considered:-

Option 1 – The Council continues to manage the Refuge

The Council historically sought to provide the Refuge service on a 'cost neutral' basis but it isn't possible to manage a balanced budget each year due to variable factors such as rental income, disrepair/maintenance expenditure and contributions made towards internal market. The following broad calculations have been made in relation to financial impact due to loss of SP funding:-

- The cost to the Council in managing the Refuge in 2015-16 was £47k.
- The estimated cost to the Council in managing the Refuge in 2017-18, should SP funding end, would be £122,390*
- If the Refuge is closed and the lease to PDVI is terminated, then the overall net savings to the Council are estimated at c£33k (£27k if lease to PDVI remains), this is because some of the overheads that are currently allocated to the Refuge would have to be allocated to other Service Areas/budgets**

*Figures are based on known figures from 2016/17 and assumes that costs / income for 2016/17 and 2017/18 are not greatly dissimilar. **These figures are also subject to issues such as how long it may take for the building to be disposed of, should such a decision be reached.

Potential options for addressing the loss of the SP contract include:-

a) Reduce costs

The largest expenditure on the Refuge budget is staffing cost and therefore an option would be to reduce staffing levels. However, the Refuge is actually believed to be understaffed, particularly when considering:-

- the high support needs that residents often require
- the communal living arrangements at the Refuge which requires additional management support in comparison to self-contained units
- lack of 24hour staffing cover, which leaves residents more at risk outside of office hours

A reduction in staffing would mean that the Refuge could only operate safely with residents who present with very low needs. In practice, few referrals actually have low needs and sadly most referrals often require support with other issues such as problematic addictions, mental illness, parenting skills etc. Such a reduction would therefore affect void levels and would put the remaining staff and residents at a greater risk to their safety due to lack of management control within the building. It is therefore not recommended that staffing numbers are reduced.

b) Raise income (raise rents / improve occupancy levels)

Rents were raised in January 2016 by c£50pwk to £256.75pwk. Based on collecting 70% of all potential rental income, this would produce a yield of £84,111.30. Whilst the Council generally raise rents year on year by a small percentage, it may prove difficult to justify the raising of rents substantially without subsequently improving the service 'offer', which may have a corresponding expense. Hence, raising rents would not make up such a considerable shortfall.

Improving occupancy levels (**Table 1**) would help to increase income levels. However, whilst the Refuge wishes to support as many clients as possible and receives a significant number of referrals, a substantial number of these referrals fail due to:-

- too high needs for the service to be provided safely eg where the woman has severe mental illness / disability or issues such as problematic addiction, offending history etc
- location of the Refuge may be too close to where the perpetrator lives
- lack of sufficient support ie the Refuge does not offer 24-hour cover and only has limited evening / weekend staffing cover.

Table 1 – Occupancy / original of referrals at the Refuge

Year	Occupancy of the Refuge	Area where referrals originated from – unsuccessful referrals							Area where residents of the Refuge came from			
		Pendle	Lancs	N/W	Nation wide	Self-referral	Unkn own	Total	Pendle	Lancs	Nation wide	Total
2012 /13	59.8%	21	61	14	23	22	6	127	10	34	10	54
2013 /14	68.64%	12	53	19	20	16	1	121	9	25	11	45
2014 /15	75.95%	31	64	12	13	26	2	148	7	22	6	35
2015 /16	71.4%	19	65	16	27	14	1	142	3	16	13	32

c) Expand the current service

A potential option to address the cost to the Council could be to seek an improvement in 'economy of scale' ie provide a larger Refuge service. Whilst a larger service would incur additional costs such as staffing etc, it may be possible to mitigate such costs by:-

- expected higher rental income from accommodating additional households
- being able to accept higher needs cases / raise occupancy levels if staffing capacity is raised. A rise in staffing would also allow opportunity to take on much higher numbers of volunteers to help support the service. At present, refuge staffing is so low as to make it difficult to successfully supervise voluntary support to any great level.
- a general rise in rent to cover additional staffing costs.

Whilst expansion is an option, there are a number of factors which may make this option unfeasible inc:-

- **building / land availability** – the current building would not support expansion. Whilst a receipt could be gained from sale of the current building, it would be highly unlikely that such a receipt would cover the potential sizeable costs of relocation.
- **Revenue** – there is risk that a larger service could incur even larger costs for the Council ie economy of scale may not be achievable
- **Funding for the scheme (capital / revenue)** – whilst the Council could make bids for funding, there is no guarantee that such opportunities will arise / bids will be successful.
- **Time** – relocation could take a considerable period of time and may result in a long period where the Council has to make up funding withdrawn by SP.

At this stage, significant work would need to be undertaken to ascertain feasibility of expansion.

Welfare Reform may also risk future income levels, particularly:-

Introduction of Local Housing Allowance (LHA) caps in the social rented sector

It was announced in the Autumn Statement and Spending Review 2015 that the amount of rent that Housing Benefit (HB) will cover in the social rented sector will be capped to the relevant LHA for new tenancies signed on or after 1st April 2016 (for supported housing this will be 1st April 2017) with HB entitlement changing from 1st April 2018 onwards. The 12month deferment of the policy for those in supported accommodation will be used by the DWP and DCLG to consider both the impact of LHA caps on supported housing tenancies in the social sector and to find long-term workable and sustainable solutions for this sector, the taxpayer and the government.

d) The Council fund the Refuge direct to keep the service going

As there are limitations in reducing expenditure and raising income, the Council would need to continue to underwrite the costs of the Refuge, which would include funding the shortfall as a result of loss of SP contract. In order to do this, the Council would need to increase its base budget for the Refuge.

Option 1 – Recommendation

In light of the potential costs to the Council in continuing to manage the Refuge with current levels of staffing, particularly when considering the significant uncertainties in relation to future welfare reform, whilst it is recommended that work be undertaken to ascertain feasibility of providing an expanded service, there appears to be considerable risk that expansion is unfeasible.

Option 2 – The Council seeks an alternative provider to manage the Refuge

The Council previously sought an alternative provider for the Refuge in 2009. However, during the tender process, a number of factors arose (and still remain) which resulted in withdrawal from the process. This included:-

1. **DWP ‘subsidy’ rules in reclaiming housing benefit awarded.** Should a non-profit charitable organisation manage the Refuge and set an ‘unreasonable rent’ not subject to a maximum rent calculation, the Council would only be able to reclaim subsidy at 60%. Based on a yearly housing benefit award at £100k, the Council could lose £40k pa.
2. **Rent for Refuge building** - it was felt at the time that it would have been difficult to achieve a reasonable rental yield for the building itself.
3. **TUPE / Pensions** – The Council would not be able to guarantee to fully protect staff affected under TUPE regulations, especially in regards to their pension.

Whilst many charitable organisations will also be affected by loss of SP funding, as they often have a lower cost base for delivering services and are able to access charitable funding streams, they may be in a financially better position than the Council to deliver this service.

As the final decision has yet to be made on the SP funding it is proposed at this stage to carry out a 'soft market testing' exercise. Soft market testing is an informal, and generally confidential, conversation with sections of a perceived market. It allows for market interest in a scheme or project to be gauged and questions asked to help shape the potential scheme and ensure it would be deliverable once brought to market. Soft market testing is not part of a formal procurement process. Should there be interest, the Council may consider undertaking a tender process to seek formal bids to manage the Refuge from 1st April 2017.

It is proposed that the soft market testing be undertaken with the following organisations:-

- Pendle Action for the Community – host charity to [Pendle Domestic Violence Initiative \(PDVI\)](#) and a current tenant at the refuge building.
- Safenet, part of the Calico Group – providers of refuges at Burnley, Preston, Blackpool and Lancaster
- Housing Pendle, part of Together Housing – providers of supported housing services

The above agencies would be contacted regarding the Refuge 'service' and each organisation, if interested in providing the refuge service, would be asked to detail

- how they would intend to manage the service in the future and
- whether the Council would be asked to 'contribute' towards the future management of the refuge service, and if so, in what way

The use of the refuge building itself could be made available by the Council in order to encourage meaningful interest.

Option 2 - Recommendation

Whilst the issues remain which resulted in withdrawal from a tender process in 2009, undertaking soft market testing will allow the Council to understand whether tendering of the service is a feasible option going forward.

Option 3 – The Council seeks 'charitable status' for the Refuge service

There can be clear financial advantages in becoming a charitable organisation. This could include:-

- paying reduced business rates
- receive [tax relief](#)
- potential additional income from being able to apply for certain types of grants and funding
- support from a newly created board of Trustee's

But charities are restricted in what they can do and how they work. For example, charities need to:

- follow charity law, which includes telling the Charity Commission and the public about their work
- do only things that are [charitable in law](#)
- be run by trustees who do not usually personally benefit from the charity
- be independent - a charity can work with other organisations but must make independent decisions about how it carries out its charitable purposes

As the Council is a statutory organisation, the Refuge is not eligible to apply for 'charitable' funding opportunities. Seeking 'charitable status' has previously been considered, but not taken forward, due to concerns there is insufficient staffing resource / expertise to manage the Refuge successfully and safely on a charitable basis. Primarily:-

- There is just 3 FTE Refuge staff, who would be required, with support of Trustee's, to fully manage all activities of the Refuge. Currently, staff receive full line-management and

support from departments across the Council. As an independent organisation, this level of support would reduce significantly.

- Staff knowledge / experience of charitable law, [how to set up a charity](#) and how to manage a charitable organisation is believed to be limited.

This lack of charitable status was addressed partially through the relocation of PDVI to the Refuge complex. This enabled increased opportunity for [PDVI](#) to bid for charitable funding on the Refuge's behalf and help deliver services to residents within the Refuge.

Option 3 - Recommendation

Although the Council could seek 'charitable status' in running the Refuge, there is substantial lack of staffing experience of managing a 'charity' and staffing resource is very limited. There is also argument that specialist charities already exist (eg PDVI and Safenet) locally with experience of managing Refuges / domestic abuse outreach services and who would probably be much better placed to manage the Refuge rather than a newly created charity. It is therefore recommended not to pursue this option.

Option 4 – Closure of the Refuge

The Refuge forms part of a national resource towards accommodating on an emergency basis, women who have been subjected to domestic violence / abuse. Whilst women from Pendle do not make up the majority of referrals (Table 1), many referrals from outside the borough may have a connection to Pendle through family ties or previously living here. Conversely many Pendle women may benefit from accessing refuge spaces outside the borough and closure of the Refuge in Pendle would place additional strain on refuge places elsewhere. This could mean that women fleeing violence may have to travel a significant distance to receive this specialist support.

Closure of the Refuge would have implications in terms of

- loss of an emergency accommodation resource for women fleeing violence in Pendle. As accommodation in future would only be available outside the borough, many women may, sadly choose to stay within a violent relationship.
- potential additional costs in providing emergency temporary accommodation to women fleeing violence if refuge places aren't available.
- many of the women seeking refuge accommodation have children and there is the impact on them of continuing to live in a violent situation or having to live in temporary accommodation (Table 2, occupancy of the Refuge)
- potential increased community safety issues.
- staff redundancy
- resolving the future use of the building

Table 2 - Occupancy of the Refuge

Year	No of women accommodated	No of children accommodated
2014-15	35 (+7 resident at end of Mar 14)	36 (+ 2 resident at end of Mar 2014)
2015-16	35 (+6 resident at end of Mar 15)	45 (+ 11 resident at end of Mar 15)

Option 4 - Recommendation

Whilst closure may generate some savings, there may be considerable risk to the Council's reputation in deciding to close the Refuge, particularly as such a decision would directly affect some of the most vulnerable women and children in society. There may also be additional costs as highlighted above. It is therefore recommended that the option of continued funding by the Council / expansion is further looked at and soft market testing is completed prior to deciding on the option of closure.

IMPLICATIONS

Policy

There are no policy implications arising from this report.

Financial

The further work proposed will establish the financial implications of the different options if the SP funding ceases.

Legal

There are no known legal implications arising from this report.

Risk Management

There is risk in relation to all options for the Refuge should SP funding cease. However this report does not contain any recommendations in relation to taking forward a particular option.

Health and Safety:

There are no health and safety implications arising from this report.

Sustainability:

This report does not contain any recommendations in relation to taking forward a particular option, therefore there are no sustainability issues at this stage.

Community Safety:

This report does not contain any recommendations in relation to taking forward a particular option, therefore there are no community safety issues at this stage.

Equality and Diversity:

There are no equalities issues arising from this report, unless a decision is taken to accept Option 4 - closure of the Refuge. In such a scenario, it would be recommended that a Service Impact Assessment be completed and considered as part of potentially reaching such a decision.

APPENDICES –