



**REPORT TO:** Housing Portfolio Holder  
**LEAD OFFICER:** Director of Housing

19 October 2017

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## Review of Cambridgeshire Home Improvement Agency

### Purpose

1. The purpose of this report is to provide an update on the review of the Cambridgeshire Home Improvement Agency (CHIA) and to seek approval from the Housing Portfolio Holder as to the next steps in terms of the operation of the CHIA.
2. This is not a key decision but forms part of the process of Council decision making with regard to financial arrangements for 2018/19 and it was first published in the August 2017 Forward Plan.

### Recommendations

3. It is recommended that the Portfolio Holder:
  - a) Approves:  
**Option A:** To lobby the County Council, as part of a collective appeal from the local authorities, to try and negotiate a different settlement and
  - b) Recommends to Council:  
**Option C:** To review the fees charged by the CHIA with the view that the HIA should be self sustaining. This would require fees to be increased from their current 15% to at least 18% the exact level of fee to be determined in consultation with the County Council in time for the Council's budget setting meeting in February 2018.

### Reasons for Recommendations

4. Increasing the fees as a temporary measure would allow the service to remain financially viable so that further discussions can take place with the County Council and ensure that a sustainable and good quality service is offered to local people with disabilities.

### Background

#### Legislative and Strategic Context

5. The HIA service enables the partner councils to meet statutory duties under the Housing Grants, Construction and Regeneration Act 1996 to award Disabled Facilities Grants (DFG) assisting vulnerable people carry out essential adaptations subject to qualifying conditions. The HIA service also assists people to maintain, repair and improve their homes to make them safe and suitable. Discretionary Repairs Assistance Grants or loans help owner occupiers and private tenants with repairing responsibility to carry out essential repairs to their homes.

6. The service contributes to the delivery of the Council's Housing Strategy and the local response to major national policy shifts to more closely integrate health, social care and housing services in the Care Act 2014 and Cambridgeshire's Better Care Fund priorities. This includes the Cambridgeshire HWB Strategy, Cambridgeshire Older Persons Strategy and Cambridgeshire Social Care outcomes.
7. In Cambridgeshire, the number of older people is forecast to rise steadily until at least 2021. Older people are in good health but the number of frail older people is increasing especially people aged 85 or over. The Cambridgeshire JSNA (Joint Strategic Needs Assessment) Summary Report 2014/15 reports that nearly 17,000 people over 65 years (16.8%) are likely to be frail. In Cambridgeshire in 2011/12 there were 2,650 emergency admissions for injury due to falls in the over 65's (7.7% of admissions). The number of people of all ages living with a disability is expected to increase including children, adults with a physical disability, learning disability, visual impairment, hearing impairment or a disability on the autistic spectrum.

#### Establishment of the shared service

8. The shared service is currently operating as a partnership between Cambridge City Council, South Cambridgeshire DC and Huntingdonshire DC and was established in 2012. It is known collectively as Cambs HIA (CHIA). The reasons for setting up the shared service were:
  - To achieve cost savings and delivery of value for money
  - To improve the resilience of the service
  - To provide a platform for improving the overall service
  - To provide a platform for extending the service in the future.
9. The shared service was required by the County Council Supporting People team who wanted to reduce and rationalise the number of contracts they managed. Whilst Fenland DC and East Cambridgeshire DC had their own DFG arrangements in place at the time of the shared service being established it was agreed that both councils should consider joining Cambs HIA at a future point.

### **Considerations**

#### Current Service Operation

10. CHIA has a draft 3 year Business Plan (2015 to 2019), with the mission to:  
"To support disabled and vulnerable people of all ages to improve their living conditions and quality of life by enabling them to remain living independently and safely in their home."
11. CHIA works with people of all ages, who may be living with complex conditions or are terminally ill. It also works with people living in housing conditions in need of maintenance, repair or improvement and also offers a wide range of information and have an extensive network of contacts about useful services. CHIA work on individual, bespoke projects; mainly with people who own or privately rent their homes.

12. Adaptations to housing association homes in Huntingdonshire are generally carried out via CHIA, who also carry out a small number of projects for housing associations in the rest of our area. CHIA is not involved in works to council owned homes in Cambridge City and South Cambridgeshire as these are carried out directly by the relevant local authority.

#### Current performance

13. CHIA receives over 1,000 enquiries per year, and complete approximately 370 capital works, enabling capital budgets in the region of £3m per year to be spent.
14. Capital budgets are sufficient to meet needs in City and South Cambridgeshire, primarily because of their continued funding of discretionary grants. There is a potential shortfall in capital funding in Huntingdonshire that needs to be considered by the HIA Board.
15. The annual revenue cost of CHIA is £544k. Consideration of the cost of other HIAs in the country suggests this is broadly in line. 45% is funded by revenue grants from the County Council and CCG, and 55% from fees and self-funders. Even with the revenue grant funding, CHIA is only marginally viable having made a small operating loss of £7k in the last year.

#### Current and Emerging Issues Facing the CHIA

16. There are a number of issues facing the CHIA that need to be addressed. These are:
17. **Better Care Fund Strategic Direction and County Council Review of DFG**  
The Cambridgeshire BCF Plan recognises the challenges that arise from the increasing population and increased longevity. This means that there will be more people in need in the future and yet there are less public sector resources available. Therefore the BCF sets a direction whereby communities are supported to help themselves for as long as possible.
18. Within the strategic framework of the BCF, a countywide Review of DFGs was completed in October 2016. The recommendations have implications for policy, funding and operational aspects of the service. A report is being considered by the Housing Portfolio Holder on 18<sup>th</sup> October 2017 on proposals for developing a countywide Adaptations Policy and a request to make some interim flexibility within the existing policy and budget to provide for 'top up' funding on DFGs.
19. **Operational Issues**  
There have been operational issues within the CHIA which have had an impact on performance. To some extent, service provision in the CHIA still reflects the legacy of the previous districtwide HIAs. Performance differs across the CHIA operating area and falls below the service standards achieved in other HIAs. There has been a long-winded review of contractual arrangements which, after almost 2 years, has not been concluded and there have been significant delays to cases as a result of onerous administrative processes including CDM. The CHIA Manager left the organisation at the beginning of April 2017 and an Interim Manager has been appointed. To support this work, the CHIA Board commissioned an independent review of the CHIA, the

findings of which are summarised in this report. A focussed Improvement Plan has now been devised and is being implemented with an immediate positive impact.

20. **Changes to Capital Budgets**

Whilst there is an uplift in the Districts' capital DFG allocation from the Better Care Fund (BCF), this has led a number of Councils to withdraw or reduce the amount of capital they previously invested in DFGs. This means that the increased investment from Government via the BCF will not necessarily result in enhanced service delivery.

21. **Changes to Revenue Budgets**

Health and social care commissioners do not perceive that the CHIA has the capacity to deliver on wider BCF objectives. They have withdrawn their revenue funding to reinvest it elsewhere on the basis that the focus of CHIA in processing grant-funded work is providing for a District Council function. Effective from April 2018, this has destabilised the revenue funding base of CHIA leaving a deficit of £233k which is 45% of CHIA's income.

Conversations have been reopened with the County Council to explore the potential to defer this cut for a further 12 months; however, the CCG funding will be removed which will require some adjustment to fee levels.

Summary of Independent Consultant findings

22. Within the CHIA Review report, the consultant has highlighted the following issues for consideration:

**Revenue Funding**

23. There are opportunities for CHIA to cut costs by making operational improvements, and for District Councils to channel additional resources into CHIA, for example by funding indirect costs like IT, office and management and redirecting resources accordingly. There is significant opportunity for CHIA to diversify operations and increase income by doing private work for self-funders. In previous years, this has generated £30k income but can be expanded (subject to resources).

24. From 2018/19 onwards, the CHIA will be totally reliant upon fee income. To cover costs with fees at 15%, a capital budget of £4.3m is needed which is £1.6m more than current planned budgets. Capital budgets are £2,715,000, enabling CHIA to earn £345k at 15% leaving a £199k deficit. To cover costs fees need to be increased to 27% meaning less grants can be funded from the capital budget, and increasing the risk that customers will not use the CHIA.

25. It may be possible to top slice the BCF by £199k to cover the funding deficit, enabling fees to remain at 15%. This option strikes the best balance offering a degree of financial stability for the CHIA whilst keeping fees at a reasonable level. The loss of CHIA would leave a significant gap in the commissioning pathway and needs to be avoided and if no alternative revenue funding agreement can be reached amongst housing, health and social care partners, then this is the recommended funding strategy for the future of CHIA.

26. Funding the CHIA entirely from the BCF (directly and / or from fees) will lead to a shortfall in the number of grants that can be funded, most acutely in Huntingdonshire where over 100 less grants can be funded (equivalent of £700k capital).
27. It is highly unusual for HIAs to be funded from fees alone and no HIA outside of Cambridgeshire has currently been identified in this position. East Cambridgeshire and Fenland HIAs will be charging fees of 25% and 30% respectively. It is recommended that housing, health and social care colleagues should collectively reconsider this position and review the resources (capital and revenue) that are being invested. East Cambridgeshire District Council has indicated that they are interested in engaging in these discussions with the potential to join the CHIA which may also improve the overall financial viability of the service.

#### Future Delivery of CHIA

28. The consultants report considers the future options for the CHIA and appraises these through a SWOT Analysis. The recommended option for continued delivery of the service is to remodel and reposition CHIA addressing the current operational and funding challenges, or to investigate further the opportunity to merge the CHIA with other aligned services such as OTs, handyperson etc. The latter option would involve significant organisational change and would take time to implement. It is not something that can be achieved quickly.
29. In the short term it is therefore necessary to reposition the CHIA to respond to current challenges. An improvement plan is needed which should be tightly managed. CHIA should also look to diversify their activities in respect of self-funders which holds potential for additional income generation for CHIA. Further diversification into other HIA related services such as Handyperson, housing advice, telecare etc. seem ambitious at the current time given CHIA's current operational challenges. However if CHIA were to prove themselves as an effective and efficient organisation delivering preventative services to a significant population then this will improve their reputation among partners and they will inevitably be in a stronger position to bid for future opportunities.

#### **Options**

The independent consultants report identifies the following options:

| <b>Option</b>  | <b>Officer notes</b>  |
|--|---|
| <b>Option A:</b> To lobby the County Council, as part of a collective appeal from the local authorities, to try and negotiate a different settlement? AND/OR   | This process has commenced but will take time to complete. An interim financial option is still require for 2018/19 while these discussions take place. |
| <b>Option B:</b> Look to reduce the indirect costs associated with the running of the CHIA, such as IT, office and management. In doing this, it would have a financial impact on the general fund for the Council. AND/OR | Operational issues are being identified by the Interim Manager but these are unlikely to provide a big enough contribution to the shortfall.            |

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|---|---|
| <p><b>Option C:</b> To review the fees charged by the CHIA with the view that the HIA should be self sustaining. This would require fees to be increased by almost double and would impact on the amount charged to self funders and also reducing the number of DFGs that could be undertaken. AND/OR</p>                              | <p>This provides the most immediate way of providing a viable financial position for the coming year and other council HIAs already have higher fee rates than the 15% currently charged.</p> <p>For those who qualify for a full DFG this will not impact upon on them personally but as noted by the consultant it reduces the overall amount of money available to carry out works and there may be an increase in the waiting list by the end of the year.</p> <p>For self funders they may feel that the fee rate is too high and will chose not to use the service. This is already an option and some people already chose not use the CHIA.</p> <p>For these reasons although an increase in fees would provide a financial cushion for the 2018/19 year a different solution that did not rely upon a large fee increase would be an objective to seek during discussions with the County Council.</p> |
| <p><b>Option D:</b> To top slice the BCF by £199k to cover the funding deficit enabling fees to remain at a reasonable level. Although this is the preferred option highlighted in the CHIA Review Report, it may not be possible to use the BCF allocation in this way due to it being for capital expenditure and not revenue. OR</p> | <p>The County Council may choose to do this as a way of being able to provide revenue funding for a further year and will seek their own accounting advice but this is snot an option open to the district councils.</p> <p>A top slice of capital grant also has the effect of reducing the overall amount of grant available pot to spend on the adaptations needed.</p>  |
| <p><b>Option E:</b> Plan for an exit strategy to disband the Cambridgeshire Home Improvement Agency and revert back to the Council's mandatory obligations of administering grants. This would mean a scaled back service which no longer offered the help and support to deliver disabled facility grants.</p>                         | <p>The potentially damaging effects of reducing the service in this way have not been fully explored or measured and this option is not therefore recommended whilst other options to sustain a service are still being explored.</p>   |

## **Implications**

30. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

### ***Financial***

31. The withdrawal of the County Council and CCG revenue funding will have a significant impact on the ability to operate a viable Home Improvement Agency and without direct action will impact on the service provided and budget overspend from the three local authorities involved.

### ***Staffing***

32. Unless a viable solution is found to the operation of the CHIA, this will have staff implications in terms of a reducing budget and the ability to maintain staff.

### ***Risk Management***

33. The financial and staffing risks are noted above and mitigations proposed. There is also a service delivery risk in not being able to meet the needs of people with disabilities living in the area if the service is not able to continue. These risks have not been quantified at the point of writing this report as work is being undertaken with our partners and with the County Council to find a sustainable solution.

## **Effect on Strategic Aims**

### **Aim 1 – Living Well**

34. Supporting our communities to remain in good health whilst continuing to protect the natural and built environment.

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