

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder

15 June 2011

AUTHOR/S: Executive Director (Operations) / Corporate Manager Affordable Homes

HOME IMPROVEMENT AGENCY – SHARED SERVICE PROPOSAL

Purpose

1. To seek the recommendation of the Portfolio Holder for the proposed Home Improvement Agency (HIA) shared service to be considered by Cabinet on 7th July 2011.
2. This is a key decision because :
 - it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
 - it is likely to be significant in terms of its effects on communities living or working in an area of the District comprising two or more wards (all wards affected).and it was first published in the January 2010 Forward Plan.

Recommendations

3. That the Housing Portfolio Holder:
 - (a) Recommend to Cabinet the implementation of a shared HIA service with Cambridge City Council and Huntingdonshire District Council.
 - (b) Recommend to Cabinet the delegation of authority to the Executive Director (Operations) in consultation with the Executive Director (Corporate Services) and the Legal and Democratic Services Manager, to agree a legal protocol to govern the shared service.

Reasons for Recommendations

4. The Portfolio Holder approved the development of this shared service option on 16 March 2011. This report now sets out the detailed financial appraisal which demonstrates that savings can be generated through these options as well as providing a platform for improved service resilience and improved service performance.

Background

5. On 16 March 2011 the Portfolio Holder considered a report on the proposal to set up a shared Home Improvement Agency with Cambridge City and Huntingdonshire District Council.
6. The Portfolio Holder agreed with the recommendation that in principle a shared service is established subject to
 - staff consultation on the restructure
 - the development of a legal protocol to govern the shared service

- the development of an agreed cost sharing mechanism between the district authorities
 - there being no additional costs to the Council and no reduction in the quality of the service
 - consideration of how Occupational Therapy services can be delivered including an in house option
 - a final report being brought back to the Portfolio Holder for scrutiny and approval in the next Cabinet cycle.
7. The March report explained that a shared service offers the best opportunity to sustain the current levels of service across the districts at a time of reducing budgets. The model proposed is for a single staff team to be primarily based at South Cambridgeshire District Council offices in Cambourne administered and line managed by Cambridge City Council. The target date to establish the shared service is April 2012.

Considerations

8. Procurement rules require County and health colleagues to consider tendering the services. Procurement advice has indicated that it will not be necessary to tender the HIA services for Cambridge City, South Cambridgeshire and Huntingdonshire if the partner authorities agree to implement a joint service. If the Council does not pursue a shared services option then the funding from Supporting People and the PCT would be withdrawn requiring their service to be limited to basic statutory grant approvals.
9. A legal protocol to govern the future operation of the shared service HIA will need to be agreed by the three councils. It is proposed that the Recommendation to Cabinet will include delegate authority to the Executive Director (Operations) who together with the Executive Director (Resources) and the Head of Legal to complete this protocol in consultation with colleagues from the partner councils.

Options

10. The report of 16 March 2011 set out the different shared service options and the Portfolio Holder approved the option now detailed in this report.
11. The Portfolio Holder requested that specific consideration be given to the option of the new shared service HIA directly employing its own Occupational Therapists in order to help speed up the referral process. This issue has been raised with the other councils and will be included as a key task for consideration by the new HIA Manager once in post and will form part of the review of business processes to be carried out during the implementation of the new team.
12. The direct employment of one or more Occupational Therapist would have financial implications for the new HIA and these can be better considered alongside the new operational costs once the new team is in place. Any additional expenditure can be considered in light of the cost sharing agreement that will be in place. The costs of this option have not therefore been included in this report.

Implications

13.

Financial	<p>Revenue funding for local HIAs is provided by the district councils, Supporting People, the County Adult Care Services and the Primary Care Trust.</p> <p>The Council is budgeting to subsidise the HIA by £63,870 in 2011.12.</p> <p>With funding from Improvement East, Tribal were commissioned to carry out detailed financial modelling on the shared service options. This has indicated that a shared service could reduce the aggregate level of subsidy required from the districts by around £57,000.</p> <p>Various cost sharing mechanisms have been considered and it is proposed that the mechanism that would be most fair and equitable would be one based on the annual level of capital investment made by each district in adaptations carried out by the service. The level of capital investment is, in effect, a proxy for the level of activity supported by each district in its area.</p> <p>On the current assumptions, using a cost sharing mechanism based on capital investment the distribution of an aggregate saving from a shared service of £57,000 per annum would be approximately:</p> <table data-bbox="592 1099 1201 1200"> <tr> <td>Cambridge City Council</td> <td>£14,250</td> </tr> <tr> <td>Huntingdonshire DC</td> <td>£28,500</td> </tr> <tr> <td>South Cambridgeshire DC</td> <td>£14,250</td> </tr> </table> <p>Appendix A provides more details on the financial assumptions made in respect of a shared service. The mechanism for sharing savings is based on proportionality with the capital budgets. This provides a higher saving for Huntingdonshire DC. The model also assumes an income of £10,000 per annum to South Cambridgeshire in respect of the use of the Cambourne offices as the primary base for the shared service..</p> <p>There will be various 'start up' costs associated with moving to a shared service, notably, the potential cost of staff redundancies when the staff structure is reviewed. It has been agreed in principle that should any of three Managers be made redundant, the redundancy costs that result will be met by the current employer. This agreement has been reached in view of the long service of each and the relatively high cost of any redundancy and the difficulty of managing this within the cost sharing mechanism. Any net savings to the Council will therefore not be realised until year 2. All other potential redundancies are likely to be at a more marginal cost, as will other start up costs, and can be managed within the cost sharing mechanism.</p>	Cambridge City Council	£14,250	Huntingdonshire DC	£28,500	South Cambridgeshire DC	£14,250
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Legal	A legal protocol will need to be put in place to govern the operation of the shared service.
Staffing	<p>At a time of reducing budgets, a major reason for joining forces with the other councils is the opportunity to sustain a level of operation that would otherwise become increasingly fragile.</p> <p>Following discussions between the respective heads of service and accountants from the district councils a preferred staff structure has emerged that would reduce the number of managers from three to one and would reduce the number of administrators in the team by one. The number of frontline caseworkers and surveyors would be retained The preferred new structure would be as follows</p> <div data-bbox="595 696 1406 1050" data-label="Diagram"> <pre> graph TD Manager[Manager] --- Caseworkers[4.5 Caseworkers] Manager --- Administrators[2 Administrators] Manager --- Surveyors[3 Surveyors] </pre> </div> <p>Consensus has also emerged between the officers that the service would be best located at South Cambridgeshire DC offices in Cambourne. Cambourne obviously offers the best central geographical location and there is capacity at South Cambridgeshire DC offices that are available at marginal cost. Although this will be the main office of the shared service it is proposed that some 'hot desk' opportunities will be maintained in Cambridge and Huntingdon.</p> <p>Officers have agreed that the Cambridge City Council should line manage and administer the shared service with an on-going scrutiny and governance interface through a three-way meeting of the respective Heads of Service from each of the partner authorities. This tripartite meeting will be responsible for all of the key elements of operational scrutiny and oversight; budget setting and management, financial controls, performance management (quality of service), setting of objectives and strategy design and implementation. It will also cover risk management. The terms of reference for this steering group will be of fundamental importance and will embody the principles of transparency and accountability.</p>

Risk Management	The failure to set up a shared service would result in the reduction of funding for the HIA. The HIA will enhance the service resilience at time of financial pressures. The operational risks of running a shared service will be governed by the legal protocol.
Equality and Diversity	The HIA delivers services to elderly and disabled clients and forms a critical part of the Council's services.
Equality Impact Assessment completed	Yes An Equality Impact Assessment has been carried out on behalf of the partner councils by Huntingdonshire District Council. Please see Appendix B attached.
Climate Change	Some of the activities supported and funded by the HIA have beneficial effects on the energy efficiency of people's homes.

Consultations

14. Staff providing the HIA service have been consulted and no objections raised.

Consultation with Children and Young People

15. None

Effect on Strategic Aims

16. **Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.**

The operation of an effective HIA is a critical part of the Councils role in ensuring safe and healthy lives for its residents.

Conclusions / Summary

17. The model of shared service agreed by the Portfolio Holder on 16 March 2011 has now been subjected to a detailed financial modelling. This indicates that the share of the savings to the Council will be around £14,250 per year plus an income of £10,000 per year for use of the office space.
18. The management responsibility would transfer to Cambridge City Council and the South Cambridgeshire staff TUPE transferred to the City.
19. The HIA team would be based at the Council's Cambourne offices with the ability to 'hot desk' at both Cambridge City and Huntingdonshire District Council premises.
20. In addition to realising financial savings the shared service will improve resilience. The new team will undergo a business process analysis as part of the implementation work to identify ways of improving service delivery improvements to sit alongside the development of the shared service. This will include a review of the Occupational Therapist referral process in relation to HIAs.

Background Papers: the following background papers were used in the preparation of this report:

- Cambridgeshire Supporting People Review of HIA Agency Services, October 2008
- Review of HIA Services in Cambridgeshire, November 2009, CEL Transform
- Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society, Feb 2008, Communities and Local Government
- Shared Service Option Appraisal – Cambridge City, South Cambridgeshire DC and Huntingdonshire HIAs, December 2010

Contact Officer: Stephen Hills – Corporate Manager Affordable Homes
Telephone: (01954) 713412