

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Senior Management Team 3 March 2010
Environmental Services Portfolio Holder 16 March 2010
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Health & Environmental Services

REVIEW OF HOME IMPROVEMENT AGENCY SERVICES IN CAMBRIDGESHIRE

Purpose

1. To ask the Environmental Services Portfolio Holder to decide in principle on the preferred model of delivery of Home Improvement Agency services within this district area.
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 the District.
 - it raises new issues of policy, or is made in the course of developing proposals to amend the policy framework, or is a decision taken under powers delegated by the Council to amend an aspect of the policy framework.
 - it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision.and it was published in the Forward Plan.

Background

3. Home Improvement Agencies (HIAs) are organisations, which assist older, disabled and vulnerable people to remain living in their own homes independently by helping them to repair, improve, maintain and adapt their home.
4. In this area the service is provided in-house by the Council, having been developed from a basic grants service into a more holistic service, pro-actively assisting clients through all stages, from enquiry, through grant eligibility, scheme design and specification, obtaining prices and overseeing the works. Other signposting and advice and support services are provided including handy person schemes. Revenue funding comes from a variety of sources including the Council, Primary Care Trust (PCT), Supporting People, Adult Social Care and fee income.
5. The Cambridgeshire Supporting People Commissioning Body carried out a Review of the HIA service in 2008. The review recommended that joint commissioning be considered to ensure future funding certainty and the commissioning of the service over a broader geographical area to provide better value for money. However, the review also recommended that a number of tasks be completed before any final decision is made on these issues.

6. The existing Supporting People contracts for HIA services have subsequently been extended to April 2011 to allow this work to be carried out thoroughly.
7. Further research has been carried out into the experience, costs, funding, risks and options for the various models for the delivery of HIA services as recommended in the original review. The business case report, undertaken on behalf of the review group by CEL Transform, is at Appendix 1.

Considerations

8. Within Cambridgeshire there are currently a variety of providers of home improvement agencies:
 - (i) Cambridge City, South Cambridgeshire and Huntingdonshire Councils provide the service in-house.
 - (ii) East Cambs has an independent Care and Repair agency that was established in 1995.
 - (iii) Fenland uses the services of an in-house service of a Norfolk Council.
9. The business case attached considered three delivery options:
 - (i) Five HIAs – one for each district area (the current delivery model)
 - (ii) Two HIAs – one covering two districts and one covering 3 districts
 - (iii) One countywide HIA.
10. The estimated costs of the options 2 and 3 were financially modelled using the information supplied by Cambridgeshire HIAs for the year 2009/10 on staffing structures, total salary and non-salary costs. Care must be taken over the accuracy of the figures and potential savings indicated in the report and reproduced below. What is clear however is that economies of scale and a more robust service to deal with demand fluctuations is achievable through larger HIAs. A more robust business case will be required before any final decision is made on the model and procurement method to be adopted.
11. The table below shows the potential savings to be achieved through the two options being considered.

COST COMPARISON OF MODELS			
OPTIONS	Cost Range £	Potential Cost Reduction from current model £	Staff Total numbers
5 HIAs one in each District	1,073,526	N/A	22.23 4.72 Man 4.8 Admin
2 HIAs covering 3 districts and 2 Districts	710,000 to 870,000	365,000 to 205,000	18 2 Man. 2 Admin
1 Countywide HIA Covering all 5 Districts	630,000 to 770,000	445,000 to 305,000	17 1 CEO 2 Man. 2 Admin

12. There are clear savings to be made by adopting a countywide model however this requires all districts to make a commitment to joint working and joint commissioning with funding partners. The following will need to be taken into account:
- (i) whether or not the service is provided in-house or externally
 - (ii) what the future revenue funding levels are likely to be
 - (iii) any pressures on future capital budgets
 - (iv) whether value for money is being achieved at present
 - (v) what SCDC strategic priorities are and how the HIA service contributes to meeting them
13. Countywide funding bodies including Supporting People, Adult Social Care and PCT all support a countywide approach and would support joint commissioning and one provider. It is however crucial to get agreement between the districts on a model for delivery if the project is to move towards the next stage of how best to provide the service.
14. Some partners, because of the current advantageous arrangements, have indicated that they would not be willing to move to a single HIA across the whole of Cambridgeshire from day one but may be willing to do so within a year or so if it were in the best interests to do so.

Options

15. Options for the district commissioners and providers to consider include:

Option 1: Status Quo

- (a) **Benefits:**
- Local service delivered as before
 - No need to change
- (b) **Risks:**
- County Council needs to follow procurement regulations and may withdraw funding.
 - PCT likely to follow suit resulting in potential loss of 50% revenue funding in total
 - If so, the local authority will have higher revenue costs to continue to provide the same service or consider reducing the level of service offered.
 - County commissioners will have the option to set up a stand-alone service to provide support to vulnerable clients excluding grants works
 - Lack of consistent service across the County

Option 2: Two HIAs covering three and two districts and joint commissioning

- (a) **Benefits:**
- Joining up of services with neighbouring authorities resulting in some cost savings
 - More consistent service across a wider area
 - Continued contribution of County and PCT funding
 - Opportunity for an in-house bid for the work
- (b) **Risks:**
- Two separate contracts to commission monitor and report on
 - Some redundancies

- Potential for service disruption during change
- Lack of agreement on how to combine districts
- May need to change again if seen as a stage towards a county model
- Level of control and flexibility

Option 3: One HIA covering the County and joint commissioning

(a) **Benefits:**

- Major savings in revenue costs
- Consistent service achieved across the county
- One contract to commission, monitor and report on
- One change in service provision
- Best value for money option for all commissioners
- Continued contribution of County and PCT funding

(b) **Risks:**

- Lack of agreement and sign-up to a countywide agency
- Some redundancies
- Potential for service disruption during change
- Level of control and flexibility

Option 4: Reduce in house service to Mandatory Grants service only

(a) **Benefits:**

- Dependant on views of external funders, may produce some revenue savings
- Full control on service provided as no reliance on external funders requirements

(b) **Risks:**

- No revenue savings achieved due to external funding being withdrawn and no fee income, indeed this could lead to an increased cost pressure on the revenue budget.
- Reduced service to vulnerable households
- Reputation damage with public, media and partners especially in Social Services and the Primary Care Trust.
- Other funders may set up umbrella advice and support agency.

16. The model for service delivery can be agreed irrespective of how it is provided. For example if a one county model is agreed in order to maximise savings, this could be achieved either through a tendering process, shared services or the setting up of a District Council Co-operative or joint venture company.
17. If Options 2 or 3 are agreed, each local authority area would have it's own schedule within the specification outlining the particular circumstances in their area for example: The local demography, capital budget for DFGs and other grants, private sector housing priorities and policies, any other local requirements.
18. If joint commissioning is agreed a Commissioning Board would be established in order to monitor performance of the contract with the service provider and each district would be likely to be offered representation on the board at either officer or Member level.

19. Each of the provider options will have to be risk assessed in detail and robust business case produced. However some of the commonly identified risks and benefits of the two provider options are detailed below.

Figure 1 Advantages / Benefits & Disadvantages / Risks of Provider (not exhaustive)

	Advantages / Benefits	Disadvantages / Risks
Contracted out service	<ul style="list-style-type: none"> • Demonstration of competitiveness • Clearly identifiable cost savings • Provider chosen with key skills/ attributes that add maximum value • Potential access to new investment • Access to innovation 	<ul style="list-style-type: none"> • Loss of flexibility • Loss of control • Loss of in-house skills and knowledge • Contract management and supervision costs • Barriers to Council re-entering direct service provision • Greater risk of service disruption during implementation than shared service
Shared Service	<ul style="list-style-type: none"> • Risk better understood • Access to innovation • Element of control over service outputs, strategic decision making • Greater flexibility to adapt • Integration benefits 	<ul style="list-style-type: none"> • Cost savings not so identifiable • Requires close match between organisations sharing service • Joint decision making limiting ability to control service outputs, strategic decisions • Availability of resources within partners to develop and implement new arrangements

Implications

20.

Financial	<p>No discussions have been held into how the potential savings would be apportioned. Through delivery of this project an anticipated £40,000 annual saving to South Cambridgeshire has been included in the MTFs.</p> <p>The possible loss of external funding would add further to financial burden faced by the authority and call into question the viability of the authority providing a HIA service. This would probably necessitate the authority having to adopt option 4. As contained in the body of the report and Business case</p>
Legal	<p>The position surrounding the need to procure the service through a competitive tender process is not clear-cut and varies depending upon the respective partners position.</p>

Staffing	If externalised then it is likely that TUPE would apply. Expert advice will need to be obtained surrounding the triggering of pension fund deficits before any final decision is made on whether to procure through competitive tender.
Risk Management	As contained in the report and business case report
Equal Opportunities	None

Consultations

21. Service users were consulted as part of the initial 2008 review and will be consulted during the review of the specification for the service.
22. A similar report is being presented to all affected district and city authorities from which a clearer picture of the 'in principle' views of each will be obtained. These will then be reported back at a special meeting of the Supporting People Commissioning Body. If, as anticipated, there is no overall consensus then further discussions will be required on the best way to move forward.
23. SMT has indicated their support for a single HIA service in Cambridgeshire and that this is provided through a shared service approach.

Effect on Strategic Aims

24.

Commitment to being a listening council, providing first class services accessible to all.
The review work has had this strategic aim as a key outcome.
Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
HIA services and adaptation works improve the quality of life of clients, keeping them in their own homes and out of residential or hospital care.
Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
None
Commitment to assisting provision for local jobs for all.
None
Commitment to providing a voice for rural life.
South Cambridgeshire DC has appropriate representation on both the review group and the Supporting People Commissioning Body and will be consulted on any proposals.

Conclusions/Summary

25. There are common risks to each model of provision. The greatest risk is a lack of agreement from providers and commissioners on the future model of delivery. This decision is needed before other works can be finalised e.g. the bespoke part of the specification for the delivery of services, the needs and financial modelling and the decision on the provider vehicle for the service. A full detailed and more robust business case will also be required on the final model to be adopted.
26. For this reason this report seeks the Portfolio Holder's 'in principle' decision on
 - The preferred model of delivery and whether to:
 - Work in partnership with other commissioners to outsource the service or

- Work towards a shared service with other in-house providers.
27. It would also be valid not to have any particular favoured option both in terms of delivery model and /or procurement method.
28. At this stage an 'in principle only' view is required. Under the terms of the Council's Constitution any final decision to externalise the service will require Cabinet approval.

Recommendations

29. It is recommended that the Environmental Services Portfolio Holder agrees **in principle** to:
- (a) One HIA covering the County and joint commissioning. If, as a result of the views from other partners, this were not possible then two HIAs covering 3 and 2 districts and joint commissioning would be acceptable; and
 - (b) That the preferred method of providing such a service would be via a shared service approach. If, as a result of the views from other partners, this were not possible then procurement of the service via competitive tender would be deemed appropriate.

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

Appendix 1. Review of Home Improvement Agency Services in Cambridgeshire - A report for Cambridgeshire Supporting People (CEL Transform) November 2009

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