

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE  
SCRUTINY**

**Date June 13**

<b><u>REPORT TITLE</u></b>	<b>Staffordshire Local Authorities Commissioning and Procurement of a Home Improvement Service</b>
<b><u>Submitted by:</u></b>	<b>Mike O'Connor, Housing Manager</b>
<b><u>Portfolio:</u></b>	<b>Economic Development, Regeneration and Town Centres</b>
<b><u>Ward(s) affected:</u></b>	<b>All</b>

**Purpose of the Report**

To seek Scrutiny views on the participation of the Council in the procurement of a county wide Home Improvement Agency through a Partnership Agreement, to deliver Supporting People Services and Enhanced Support, including assistance to residents to enable them to repair, adapt or improve their homes.

**Recommendations**

That Scrutiny Members consider the approach to jointly procure Home Improvement Agency Services in partnership with the County Council and highlight any issues to the Cabinet for their consideration.

**Reasons**

The Council has utilised the local Home Improvement Agency, Revival for many years to support vulnerable residents to repair their homes and specifically with adaptations through the Disabled Facilities Grants programme. It is appropriate that the Council seeks to secure the services through competitive tender to ensure good quality services are offered efficiently. This report outlines the options for procuring the services and outlines the potential benefits of the working in partnership with the County Council.

**1. Background**

- 1.1 The Council has a statutory obligation to ensure dwellings in the Borough are safe to occupy and are not a nuisance to the neighbourhood. This is achieved through; the provision of advice, enforcement of statutory housing standards, or financial assistance in the form of grants and loans. The latter is targeted to vulnerable groups unable to afford repairs and improvements and where necessary disabled adaptations.
- 1.2 Vulnerable households find it difficult to access assistance and to fill this gap Home Improvement Agencies (HIA's) have developed initially with government help. The Council has worked in partnership with Staffordshire Housing Association for the delivery of the Home Improvement Agency branded as Revival since 2009. The agency operates in Stoke and Staffordshire Moorlands and is locally based in Stoke-on-Trent. Revival assists the Council to deliver its Renewal Assistance Policy including disabled facilities grants, home safety grants and a home loans scheme. It helps vulnerable people to fully consider their housing options and where appropriate enables them to negotiate the processes necessary for them to make applications for grant assistance and find reputable contractors, thus enabling them to remain living at home in safety.

- 1.3 Revival Home Improvement Agency receives funding from the County Council and Borough Council. The County Council provides a Supporting People annual grant of £38,000 and the Borough Council a grant of £26,000 towards the running costs and in support of all services provided. In addition the Borough Council pays fees of 7% of the cost of works eligible for disabled facilities or health and safety grants.

## 2. **Issues**

- 2.1.1 The County Council has given Supporting People Grant to three HIA's in the county, including Revival, since 1993. It now considers it necessary to re-tender the Service and wishes to use their Supporting People Grant funding to procure a new contract for a single county wide HIA provider. It is suggested that this will achieve an improved and consistent service across the county. This will require the participation of all the district councils in the county who will need to agree to promote the new HIA service to residents requiring financial advice and assistance.

- 2.1.2 The proposal is that the County Council will act as the lead authority to procure the service with a contract commencing on 1<sup>st</sup> July 2014 for an initial term of three years and nine months with an option to extend by one further year.

## 2.2 **Service Specification**

- 2.2.1 This includes three levels of support

1. 'General Advice' providing people considering their housing options with a light touch service such as internet and telephone-based information and advice;
2. 'Support for Choice' offering more intensive support for those most at risk, including those who do not have alternative personal and social resources, to allow them to consider their options and make decisions; and
3. 'Enhanced Support' for those who need help to implement their chosen options. This will involve arranging for changes to the physical fabric of the home to meet the need. It will usually result in an application for a disabled facilities grant from the district Council and arranging for the works to be completed.

- 2.2.2 The Provider will be required to enter into a contract with Staffordshire County Council for funding the delivery of 'General Advice' and 'Support for Choice'. The Enhanced Support will need to be funded by the resident. Whilst some residents will be able to fund the works themselves the majority will not and will become eligible for grant funding from the Council in accordance with the Housing Assistance Policy. It is expected that the HIA will charge a fee for assisting the resident and this will be included within the grant paid.

- 2.2.3 Tenderers are required to submit bids for the three levels of service. All management and overhead costs will be apportioned pro-rata across the three levels. The funding for Enhanced Support has been capped in the specification at 10% of the cost of the works completed, with a maximum total fee of £2,000 and it is possible that a Provider will offer a lower cost.

## 2.3 **Participation Agreement**

- 2.3.1 The Council is being requested to sign up to a Participation Agreement. This formalises the County Council as the Accountable Body and sets out the governance arrangements which comprise a Project Board, Steering Group and Local Advisory Group. The Board will have overall decision making authority including budgets, timescales and risks and approval of all major variations. The chair of the Steering Group will represent all the councils on the Board. A lead officer from each council will be a member of the Steering Group.

- 2.3.2 The Participation Agreement signifies the Council's intention to work with the preferred provider but does not commit the Council to a particular level of funding or spend or to remove the rights of any grant applicant to use an alternative service provider. It will, however, require that all the participants promote the winning bidder as the preferred service provider. Signing up to the Participation Agreement will ensure participants are able to utilise the county wide contract and engage in the governance arrangements for procuring and monitoring the delivery of the contract.
- 2.3.3 If the Council does not sign up to the Participation Agreement it will need to make alternative arrangements if it wishes to provide a HIA service from June 2014.

## 2.4 **Value for money**

- 2.4.1 The current costs of the HIA to the Council are approximately 11% of the grant budget. The tender specification sets a maximum fee of 10% capped at £2,000 per application. Furthermore it is hoped that through the competitive tendering process that these costs will be reduced significantly.
- 2.4.2 Currently Officers of the Council approve grant applications and carry out site visits to ensure that the works for which Council grant have been paid have been completed to a satisfactory standard and this will be unchanged as part of the proposals. The tender specification requires that the Enhanced Service is divided into three elements with each to be separately costed. It is intended that the Council should not pay for the site supervision element which will further reduce the fees payable by the Council to the new provider.
- 2.4.3 The separate costing of the elements provides an opportunity for the service to be promoted to self funders who would be able and willing to pay for assistance, therefore providing help particularly, to an increasing numbers of elderly residents who experience mobility problems.

## 3. **Options Considered**

### 3.1 **Option A - Provide a HIA service in-house**

- 3.1.1 Officers already complete site supervision visits to check the quality of the work for which grant is claimed. This could be extended to include a client advocacy role helping applicants to complete applications, obtain necessary permissions as well as engaging suitably reliable local contractors. This local authority HIA model exists in other LA areas. The Council would retain full control and decisions would not be subject a joint arrangement involving a Project Board comprising other districts and the County. However, there is insufficient capacity at present. This proposal would require the employment of caseworkers and there will be a substantial extra workload for the officers to set up a new service and ensure that it was as comprehensive as that envisaged in the county wide scheme. There is a significant risk that the in-house option would be more expensive than the current service.
- 3.1.2 Assuming the other districts in the county sign up the Council would be isolated in respect of this activity. It is possible that the funding from the Supporting People Grant may be lost, It is more likely, however, that the county would still keep the advice and support elements and would signpost customers to our service, although it would be necessary to set up a working arrangement with the new provider to ensure clients are swiftly referred for assistance.

### 3.2 **Option B - Retender HIA as a Borough only service**

- 3.2.1 This option will require the Council to tender for the services of an HIA outside the county wide arrangement. This would be resource intensive to set up but would enable the Council to determine and monitor its own service without the need to attend meetings in a county wide arrangement such as the project board and steering group. However, the prospective

fee income may be too small to attract a bidder or if bids were made the required % fee would be higher to cover overheads.

- 3.2.2 If the Council were to procure the services of a different HIA than that of the County's preferred provider it is likely that there would be duplication of services and residents would need to be referred between the various agencies unnecessarily.

### 3.3 **Option C - Retender in partnership with Staffordshire County Council**

- 3.3.1 Joining the county wide HIA would give a single agency across the county which would be better resourced and co-ordinated to produce a consistent service. Partnership governance may lead to improved standards, monitoring and a more co-ordinated forward thinking service. Furthermore a 4 year contract ensures stability for planning within the partnership.
- 3.3.2 The costs to the Council would be lower than the present arrangements and procurement with the county will enable risks being spread to a number of partners. The specification makes it clear that although the contract will be for 4 years future funding beyond this financial year is indicative only and could reduce given uncertain future funding from central government and the council over this period, therefore any risks will fall to the provider. A county wide steering group would enable good practice and funding opportunities to be shared.
- 3.3.3 The disadvantages are that efficiencies envisaged may not be achieved and a central larger agency could increase bureaucracy and reduce speed of decision making leading to the loss of local service identity and the control of a statutory important service for residents in the Borough.
- 3.3.4 This model may also enable greater discussions with health commissioners around future commissioning and funding of support services related to hospital discharge and independent living in the home.

## 4. **Reasons for Preferred Solution**

- 4.1 It is proposed that the Council should join the county partnership. This would be value for money and give a better resourced and co-ordinated service. Prior to this recommendation being made to Cabinet the views of Scrutiny members are sought.

## 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The delivery of the HIA service clearly contributes to the corporate priority of creating a clean safe and sustainable Borough

## 6. **Legal and Statutory Implications**

- 6.1 The Council has a statutory obligation to approve a valid application for a Disabled Facilities Grant and receives central government grant allocation for this. There are no adverse legal implications to joining the Partnership. The County Council will be the Accountable Body and will be legally responsible for the procurement and operation of the contract.

## 7. **Equality Impact Assessment**

- 7.1 The Service is aimed at assisting vulnerable residents and an Equality Impact Assessment has been completed for the DFG service.

## 8. **Financial and Resource Implications**

- 8.1 The Council has a statutory duty to provide a DFG to an eligible applicant. The 2013/14 allocation is £864,000 made up of a government grant of £514,000 and capital funds from the Council of £350,000. The HIA is funded by an additional council grant of £26,000 and 7% fees based on the costs of works which form part of the grant payable to the applicant. Delivery of this level of adaptations gives a total charge of £86,480 paid to the HIA.

Clearly the level of costs payable to the HIA is dependent on the level of service offered and the total funding allocated to DFG's. If the new service was capped at 10% fees then the total payment on a DFG allocation of £864,000 would be £86,400 so this approach would be similar to current costs.

- 8.2 The tender is for the HIA service and not for the actual construction costs which form the majority of the costs. Membership of the Participation Agreement does not commit the Council to a minimum or maximum level of expenditure in the future years of the commission, only to the promotion of the service provider as a preferred supplier.
- 8.3 Membership of the Participation Agreement does not commit any resident to the preferred provider they remain free to use alternative providers. It will however set the level of fees payable so any service user opting to use a more expensive supplier will have to meet the additional costs themselves.
- 8.4 Failure by the Council to formally sign up as a participant would mean that it would not be able to use the service provision agreement once completed.

## 9. **Major Risks**

- 9.1 Risk assessment completed by the County Council with the involvement of the District Councils.

## 10. **Sustainability and Climate Change Implications**

- 10.1 Whilst the aims of the Home Improvement Agency services are based around ensuring that vulnerable residents are able to repair and adapt their homes to meet their needs there are occasions whereby the agency are able to highlight opportunities for funding based around energy efficiency. Within the current financial climate funding opportunities can arise at short notice and may in the future be able to support customers of the HIA service.

## 11. **Key Decision Information**

- 11.1 The service affects vulnerable residents in all wards.

## 12. **Earlier Cabinet/Committee Resolutions**

- 12.1 The Housing Capital Programme allocated financial resources for DFGs and the HIA (Cabinet January 2013).

## 13. **List of Appendices**

- 13.1 None.

## 14. **Background Papers**

- 14.1 Participation Agreement and draft specification.

