



To: Executive Councillor for Housing:
Councillor Kevin Price

Report by: Head of Estates and Facilities : Trevor Burdon

Relevant scrutiny Housing Scrutiny Committee 18/01/2017
committee:

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East
Chesterton King's Hedges Market Newnham
Petersfield Queen Edith's Romsey Trumpington
West Chesterton

Cambridgeshire Home Improvement Agency Fees

Key Decision

1. Executive summary

Approval is requested for an increase in the level of fees charged by Cambs Home Improvement Agency (CHIA) from 12% to 15%. The additional fee income is required to replace annual revenue support which is being progressively reduced by Cambridgeshire County Council (CCC) and Clinical Commissioning Group (CCG) with effect from April 2017 as part of wider plans for the funding and delivery of Disabled Facilities Grants across all Cambridgeshire Councils.

2. Recommendations

The Executive Councillor is recommended to approve an increase in the level of fees charged by Cambs Home Improvement Agency (CHIA), from 12% to 15%, for managing Disabled Facilities Grant (DFG) and Repairs Assistance (RA) funded adaptations and repairs work with effect from 1 April 2017.

3. Background

- 3.1. CHIA was established in 2012 and delivers adaptations work, as a shared service on behalf of the City Council, Huntingdonshire District Council and South Cambridgeshire District Council. The lead authority is Cambridge City Council.

- 3.2. The CHIA is expected to be self-financing in that the entire annual running costs of approximately £545,000 are met from a combination of direct revenue support provided by the County Council (CCC) and Clinical Commissioning Group (CCG) and consultancy fee income generated as a percentage charged for every individual DFG or RA project delivered. Approximately 53% of Cambs HIA annual operational income is currently from fees.
- 3.3. DFG's are funded from a financial allocation (called the DFG Capital Allocation) which District Councils receive to assist with the provision of adaptations in line with responsibilities under the Regulatory Reform (Housing Assistance) Order 2002. This allocation is delivered via the Better Care Fund (BCF), under which money passes from the Department of Health in Central Government, through County Councils, to District Councils.
- 3.4. The importance of housing adaptations in supporting people to live more independently in their own homes and communities has increasingly been recognised nationally and for 2016/17, there has been a significant uplift in funding (distributed across all 5 District Councils via the BCF) for DFG's from £1.9 million in 2015/16 to £3.4 million. Further increases in DFG funding are expected year on year until 2020 although these have yet to be finally confirmed.
- 3.5. As a result of the increased DFG funding available in 2016/17, the Cambridgeshire Executive Partnership Board (CEPB - multi-agency partnership overseeing health and social care service transformation for older people and vulnerable adults) commissioned a review aimed at taking a wider and more strategic approach to delivery of housing adaptations encompassing both capital (DFG) and revenue funds available from all sources.
- 3.6. The first phase of this review was completed in September 2016 and as a consequence, both CCC and the CCG have given notice to the Cambridgeshire District Councils of reduced revenue support for the HIA's with effect from 1 April 2017. The withdrawn funds will be diverted into more pro-active early intervention work and support for vulnerable residents but the effect of the revenue withdrawal is significant for the CHIA.
- 3.7. The effect has been mitigated to some extent by negotiation with CCC but overall the CHIA will still see a 25% reduction in CCC revenue and a 60% reduction in CCG funding leaving a projected operating shortfall of approximately £75,000 for 2017/18. The expectation is that this loss of income can be recovered from additional fee income derived from the larger DFG budget allocations

available (more individual grant projects) for 2017/18 and beyond but this will only be achievable if matched to an overall increase in the level of fees charged, from 12% currently, to 15%. It would be impractical, in the short term at least, for the existing team to deliver sufficient additional DFG work at the current 12% fee level to replace the revenue shortfall so without the fee increase, the Agency would have insufficient funding to cover all of its costs. The only alternative to an increased fee level would be a reduction in operational costs but as this would require a reduction in staff resource it would be substantially more difficult for the CHIA output to increase as required to meet the challenge of greater DFG funding going forward.

- 3.8. The proposed fee level of 15% is consistent with the established, and very successful, HIA operating at Peterborough City Council. It is also consistent with the level of fees now being proposed by East Cambridgeshire DC (ECDC) for their own HIA and is supported as a reasonable charge by Foundations, who are the national co-ordinating organisation for over 200 HIA's.
- 3.9. CCC and CCG have both confirmed that revenue support for all of the County's HIA's will cease altogether with effect from 1 April 2018 so the CHIA is committed to significant change during 2017 in order to remain viable entirely from the fee income generated. A fee basis of 15% would be required for this to be possible and is consistent with charges levied elsewhere by other HIA's.

4. Implications

4.1 Financial Implications

The financial implications of the proposed fee increase are described above in section 3.7.

In summary, without the a 15% fee it is unlikely that the CHIA would be able to generate sufficient income in the short term (12 months) at least in order to recover the income lost following changes to CCC and CCG revenue funding support in 2017/18.

The alternative to an increase in fee levels from 12% to 15% would be a reduction in CHIA operating costs which would mean a reduction capacity and consequent reduction in service outputs at a time when expectations are for greater activity from the increasing DFG funding available.

4.2 Staffing Implications

None, if the fee increase is approved.

4.3 Equality and Poverty Implications

Potential increased DFG output from the CHIA team driven by progressive changes to processes and improved efficiencies which will be required to remain sustainable entirely from fee income when all CCC and CCG revenue support is withdrawn in 2018.

4.4 Environmental Implications

The proposal has no climate change impact.

4.5 Procurement

Not applicable

4.6 Consultation and communication

4.6.1 There has been extensive consultation with the County Council, the Clinical Commissioning Group and all associated Health Professionals and organisations as part of the extensive County wide review of homecare and adaptations provisions carried out during 2016. All three Partner authorities to the CHIA have been fully represented throughout the review.

4.7 Community Safety

There are no community safety implications

5. Background papers

None

6. Appendices

None

7. Inspection of papers

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