



To: Executive Councillor for Housing
Report by: Director of Customer and Community Services
Relevant scrutiny committee: Community Services Scrutiny Committee *17 March 2010*
Wards affected: All Wards

Shared Home Improvement Agency (HIA)

Key Decision

1. Executive summary

This report is about setting up a shared Home Improvement Agency with South Cambridgeshire District Council and Huntingdonshire District Council. The shared service is proposed to offer 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 Cambs DC offices in Cambourne administered and line managed by the City Council. The target date to establish the shared service is April 2012.

2. Recommendations

The Executive Councillor is recommended:

Agree in principle that 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
- a final report being brought back to the Committee for scrutiny and approval in the next Committee cycle.

3. Background

3.1 What is a Home Improvement Agency (HIA)?

HIAs, also known as “Care and Repair” or “Staying Put” agencies, grew up from the late nineteen seventies onwards. Foundations is an umbrella organisation set up by central government to foster the development of HIAs and to monitor their activity. Foundations define HIAs as follows

‘Home improvement agencies assist vulnerable homeowners and private sector tenants who are older, disabled or on a low income to repair, improve, maintain or adapt their homes. They are local, not-for-profit organisations.’

HIAs are highly valued services that contribute significantly to housing, care and health policy in the context of our ageing population.

3.2 Home Aid

Home Aid is the City Council’s version of an HIA. In 2010.11 it is estimated to support 93 mainly older people with adaptations or repairs to their homes.

3.3 The Need to Change

Different ways of delivering HIA services have grown up over the last 30 years, as demonstrated by the current situation across Cambridgeshire. Cambridge (The City), South Cambs and Huntingdonshire (Hunts) Councils have chosen to keep services ‘in-house’. East Cambs and Fenland Councils have commissioned services from the independent sector, with Fenland opting to work in partnership to commission services with Kings Lynn and West Norfolk.

Revenue funding for local services is provided by the districts councils, Supporting People, the County Adult Care Services and the Primary Care Trust. Procurement rules require County and health colleagues to consider tendering the services. Irrespective of this all of the local authority partners are, of course, under severe pressure to reduce budgets. Procurement advice has indicated that it will not be necessary to tender the HIA services for the City, South Cambs and Hunts if the partner authorities agree to implement a joint service.

At a time of reducing budgets, analysis is showing that joining forces provides the City, South Cambs and Hunts with the opportunity to sustain a level of operation that would otherwise become increasingly fragile.

Appendix 1 summarises some of the strengths, weaknesses, opportunities and threats of moving to a shared service.

3.4 The Route to a Shared Service

A thorough review of HIA services in Cambridgeshire was carried out over a two year period from 2007 on behalf of the Supporting People Commissioning Body. The outcome of the review(s) has been a decision to work towards a shared service for the City, South Cambs and Hunts. A countywide service was considered but due to existing contract obligations in the Fenland and East Cambridgeshire districts, it was decided not to pursue this option at this time. However, there is potential for this to be developed in future years depending on the efficiencies gained through the proposed three-authority shared service model.

3.5 Existing Budgets, Funding and Staff

The budgeted cost and funding profile of the City, South Cambs and Hunts services for 2010.11 are as follows

	City	South Cambs	Hunts
Total Costs	220,000	213,374	261,108
Fee Income from capital projects	67,520	75,000	110,000
Supporting People	37,460	34,880	31,510
Adult Care (County)	30,000	30,000	30,000
PCT	16,800	16,000	16,000
District Authority	68,210	57,494	73,598

The staff profile of the services by full time equivalent is as follows

	City	South Cambs	Hunts
Manager	1.0	1.0	1.0
Surveyor	1.0	1.0	1.0
Caseworker	1.6	1.0	2.0
Administrators	1.0	1.0	1.0
Total	4.6	4.0	5.0

3.6 Options Appraisal

The City, South Cambs and Hunts secured external funding in 2010 to commission Tribal Consultants to develop alternative organisational models of a shared service to bring the three services together as one.

The following three options were highlighted for detailed analysis.

Option 1: Baseline model - One shared organisation, with all staff seconded to one of the partner authorities, but physically dispersed across the three locations (Tribal has modeled that this option could result in savings of circa £107k over 5 years)

Option 2: Interim model - One shared organisation, with all staff seconded to one of the partner authorities and some staffing adjustments and co-location. (Tribal has modelled that this option could result in savings of circa £336k over 5 years)

Option 3: Joint Venture Agreement Company (JVA) (Tribal has modelled that this option could result in savings of circa £346k over 5 years)

Appendix 2 covers Tribal's the analysis in more detail.

3.7 Preferred Option

Following discussion between the respective Heads of Service and Accountants from the district councils Option 2 has emerged as the preferred model as it is considered to provide the best balance between

- The potential for cost savings and delivery of value for money
- Political acceptability and deliverability
- Ease of implementation
- Maintenance of individual tailored services within each authority
- Minimising risk of failure and maximising likelihood of success
- Delivery of a uniformly high standard of service across the three authorities

Consensus has also emerged between the officers that the service would be best located at South Cambs DC offices in Cambourne. Cambourne obviously offers the best central geographical location and there is capacity at South Cambs 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. It is proposed also to explore the opportunity for 'home working' for staff once the new team is established.

Officers have agreed that the City Council should line manage and administer the shared service with an ongoing 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.

4. Next Steps

Subject to the Executive Councillors approval the next steps would be to enter into a period of due diligence in respect of

- Staff consultation
- The development of a legal protocol to govern the shared service.
- The development of an agreed cost sharing mechanism between the district authorities
- The development of a Business Plan and budget for the service from April 2011
- The development of an Implementation Plan

5. Background papers

These 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 Cambs and Huntingdonshire HIAs, December 2010

6. Appendices

Appendix 1 – An Analysis of the Strengths, Weaknesses, Opportunities and Threats of a Shared HIA Service

Appendix 2 – Tribal's Option Appraisal in Respect of a Shared HIA Service

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Alan Carter
Author's Phone Number: 01223 457948
Author's Email: alan.carter@cambridge.gov.uk

Appendix 1 - An Analysis of the Strengths, Weaknesses, Opportunities and Threats of a Shared HIA Service

Strengths
<ul style="list-style-type: none">• Potentially offers greater reductions in the cost of management and other activities.• A larger staff team will be more robust than running three independent services.• This approach is in line with current procurement advice that to avoid the need to tender services a shared service would need to cover the City Council, South Cambs DC and Hunts DC.
Weaknesses and Risks and Threats
<ul style="list-style-type: none">• Each Council may have different priorities for the shared service and these differences will introduce a complexity into its management.• A way of sharing future savings and costs of the service will need to be developed.• The governance and relationship between the three authorities may be complex.• The geographical coverage of a service across the three Districts is driven more by administrative factors than housing market factors.• Staff travel costs will need to be carefully assessed.• Once established a shared service may be difficult to dismantle should issues arise
Opportunities
<ul style="list-style-type: none">• The scale of activity of a service covering three Districts will provide a single, and potentially more influential, point of contact to work on future service development, for example, in relationship to sustaining a Handyperson service.

Appendix 2 - Tribal's Option Appraisal in Respect of a Shared HIA Service

1. Brief and Initial Review of Options

Tribal's brief was to analyse;

- governance arrangements for a shared HIA service
- management structure
- staffing levels quantified by Full-time Equivalent and appropriate skills; experience and knowledge
- indicative annual budgets for the three year period starting April 2011
- office base
- service development and implementation timetable

For preferred models Tribal were asked for a cost-benefit analysis in respect of financial and qualitative measures and to show key risks. Also Tribal were asked to have regard to the impact of current services' central overheads on the ability to generate 'bottom line', 'cash-able' financial savings through the provision of a shared service.

Initially Tribal produced a report that highlighted six models of how a shared service may work as follows

1. Staff retained by respective authorities
2. Staff seconded to one of the three authorities
3. Staff are seconded or transferred to a third party authority
4. Staff are transferred to a private sector provider
5. Staff are transferred to a housing association or an independent HIA
6. The three authorities set up a Joint Venture Agreement Company (JVA) to deliver HIA services.

Following a Workshop with the current Manager's of the services to validate their assumptions and following review and discussion with the respective Heads of Service, a short-list of three options were selected for further detailed analysis. The criteria used to generate the shortlist were:

- Potential for cost savings
- Value for money
- Political acceptability and deliverability
- Ease of implementation
- Maintenance of individual tailored services within each authority
- Risk of failure or likelihood of success
- Delivery of a uniformly high standard of service across the three authorities

2. The Three Options

Detailed analysis of the three options and further scrutiny by Heads of Services and accountants from each authority resulted in the following summary appraisal for each.

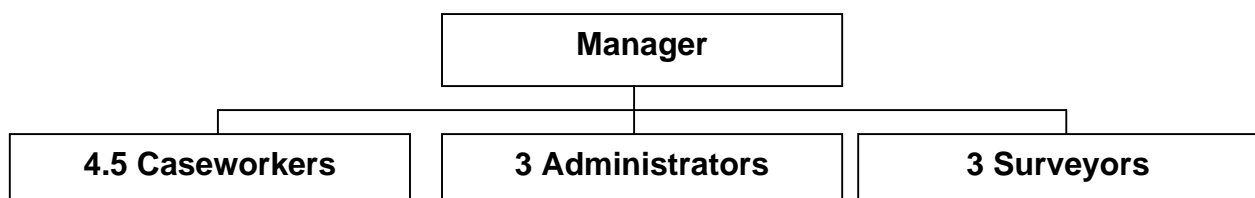
Option 1: Baseline model - One shared organisation, with all staff seconded to one of the partner authorities, but physically dispersed across the three locations

This option could result in savings of circa £107k over 5 years

How would the model work?

- HIA staff from all three partner authorities are seconded to one authority
- Staff would continue to be employed by their respective authority
- Staff would continue to work from their current office bases
- This option would not significantly change the way the service is delivered, but would result in greater standardisation between the three authorities, with the additional cost benefit of only having one manager post.

The staffing structure would remain largely unchanged. However, the new organisation would have only one manager, rather than the current three posts.



The financial benefits from this option come from replacing the current three managerial posts with just one manager.

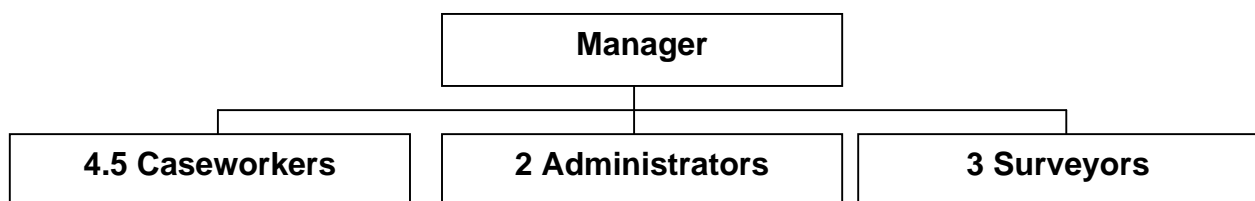
Option 2: Interim model - One shared organisation, with all staff seconded to one of the partner authorities and some staffing adjustments and co-location.

This option could result in savings of circa £336k (Tribal to confirm that this is the benefit over 5 years).

How would the model work?

- HIA staff from all three partner authorities are seconded to one authority
- Staff would continue to be employed by their respective authority
- Managerial and support (administrative) staff would be co-located
- Frontline staff (caseworkers and surveyors) would continue to work from their preferred location
- This option would result in greater standardisation and joint working between the three authorities, especially since key back office staff are co-located
- This option would result in greater financial savings than the 'baseline model' as the staffing structure is leaner

The staffing structure will be streamlined, with reductions in management and administrator posts; however frontline caseworkers and surveyors will be retained



Option 3: Joint Venture Agreement Company (JVA) - JVA established by three authorities to deliver HIA services, with all staff transferred to the new organisation and co-located.

This option could result in savings of circa £326k over 5 years

How would the model work?

- The three partner authorities establish a new joint venture agreement company (JVA) to deliver HIA services
- This requires the authorities to set up a committee or company jointly controlled by the three authorities
- All staff are transferred to the new organisation
- All staff are co-located
- This option could be expanded in future to include other authorities or a wider range of services
- This option would result in greater financial savings than the 'baseline model' as the staffing structure is leaner, as in the 'interim model'
- However, the model may be too complex given the scale of the service

As with the 'interim model', the staffing structure will be streamlined, with reductions in management and administration staff

