APPENDIX A

Hertfordshire Shared Home Improvement Agency (HIA)

Final Business Case

July 2016

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CONTENTS

APPENDICES

Relevant papers available on request
Shared Home Improvement Agency Function - Options Paper • Presented to the Chief Executive’s Co-ordination Group (CECG) in January 2016 • Presented to HCFO in March 2016
Shared Home Improvement Agency Function - Financial Business Case • Presented to HCFO in May 2016

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EXECUTIVE SUMMARY

Introduction

The purpose of this document is to establish the financial case and final business case for the setting up of a Shared Home Improvement Agency function.

The Business Case offers the Hertfordshire Chief Financial Officers (HCFO) Chief Executive's Co-ordination Group (CECG) the opportunity to consider the merits of the proposal and the investment required before deciding on their appetite to proceed.

For the purposes of clarity the costing assumptions have been presented in two ways in this business case:

1. For a smaller group of six authorities which have indicated a significant interest in progressing with the shared service, *and*
2. For the 'full' shared service which at present would include ten district authorities, plus the county council. Welwyn Hatfield Borough Council (WHBC) has an external contract until 2017 and so has not been shown in these calculations

Table 1: Representation of authorities

Model 1. **Smaller group of six District authorities**	**Model 2.** **Full Shared Service – Ten District authorities exc WHBC**
• Dacorum Borough Council (DBC) • East Herts Council (EHC) • Hertfordshire County Council (HCC) • Hertsmere Borough Council (HBC) • North Hertfordshire District Council • Watford Borough Council (WBC)	• Dacorum Borough Council (DBC) • East Herts Council (EHC) • Hertfordshire County Council (HCC) • Hertsmere Borough Council (HBC) • North Hertfordshire District Council (NHDC) • Watford Borough Council (WBC) • Broxbourne Borough Council (BBC) • St Albans City & District Council (SACDC) • Stevenage Borough Council (SBC) • Three Rivers District Council (TRDC)

Vision and Objectives

The vision for the DFG proposal is to create a Shared Home Improvement Agency function inclusive of Disabled Facilities Grant service and integrated Occupational Therapy.

The background to the proposed new service is described in **Section 1**.

The objectives of a Shared Home Improvement Agency function are to:

- Ensure that all individuals in Hertfordshire who need housing adaptations to support independent living will have access to an appropriate service that is timely, accessible, equitable and fit for purpose to address rising demographic pressures
- Deliver a fully standardised service, enhancing operational efficiency, customer satisfaction and improving value for money
- Implement robust monitoring arrangements against key performance indicators
- Improve service resilience through joined up working, adopting a common methodology and service standards, sharing staff knowledge, skills and expertise

- Open up future opportunities to expand into private sector adaptations and align to wider Clinical Commissioning Group activity in order to maximise income generation, efficiency and value and impact of the DFG element of the Better Care Fund.

The strategic drivers and benefits are further described in **Section 2**.

High Level Proposals

The preferred proposals recommended as a result of this Business Case are to:

- Provide a common framework for procuring contractors to deliver adaptations in clients' homes, and the centralisation of the assessment and administrative functions
- Deliver a professional Home Improvement function to meet the needs of the partner Councils and the requirements defined in Housing Grants, Construction and Regeneration Act 1996 and the Care Act 2014
- Ensure ongoing value for money of home improvement services in the Councils which participate in the Shared Service, in order to maximise the housing, health and social care system benefits of the DFG element of the Better Care Fund
- Governance of the shared service by a Memorandum of Understanding which will set out the detailed arrangements for the Shared Service. Partners will be required to sign up to the terms and conditions of this document for a set period of time in order to be part of the Shared Service.

The scope of the proposed Service is described in **Section 5**.

Financial Summary

Total spend on DFG and HRA adaptations by district councils within the county has been of the order of an average of £6.2m per year in recent years. In addition, HCC funds minor works: £378k was budgeted for these in 2014/15. In the same year, District Council staffing costs totalled an estimated £624k, with HCC's Housing Occupational Therapy service delivered via Serco costing £804k.

A number of national developments created an opportunity to review the delivery of DFG within the county area and consider how to integrate provision of help with home adaptations across housing, health and social care system.

Table 2 – 6 below provide a summary of the current cost and funding position, and proposed ongoing cost of the Shared Home Improvement Agency Service.

Table 2 Existing Cost & Funding - District Average Annual Cost of Home Improvement Services

Table 2 reflects the following

- Gross and net costs of running the Home Improvement service, and details how this is financed in each authority.

Table 2: District Average Annual Cost of DFG and Home Improvement Related Spend

The table below summarises the average annual cost of DFG and Home Improvement related services in the participating authorities.

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	WHBC	Districts total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running Costs	133	66	113	82	50	70	80	94	111	49	848
Disabled Facilities	450	602	384	435	605	701	350	418	386	442	4,773
HRA adaptations	0	0	0	0	0	0	500	0	0	0	500
Gross cost of service	583	668	497	517	655	771	930	512	497	490	6,120
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	0	(160)
Agency fee income	0	(35)	0	0	(50)	0	0	0	0	0	(85)
Net cost of service	**568**	**626**	**497**	**517**	**506**	**771**	**930**	**512**	**459**	**490**	**5,875**
Funded by											
Grant	(314)	(366)	(293)	(295)	(360)	(291)	(305)	(250)	(279)	(316)	(3,070)
Revenue resources	(80)	(32)	(113)	(82)	(0)	(70)	(80)	0	(36)	(49)	(541)
HRA resources (revenue and capital)	0	0	0	0	0	0	(500)	0	0	0	(500)
Other capital financing (usually capital receipts)	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	(126)	(1,765)
Total financing	**(568)**	**(626)**	**(497)**	**(517)**	**(506)**	**(771)**	**(930)**	**(512)**	**(459)**	**(490)**	**(5,875)**

Notes

- Baseline figures have been investigated thoroughly since the outline business case; the most significant changes are that running costs have been amended from £539k to an increased figure of £848k. This is following the verification of district information, and the inclusion in running costs of system costs, overheads, and travel costs, where previously only staffing costs were known.
- There is differing treatment among districts regarding whether staffing costs are charged to revenue or capital.
- Registered housing providers also fund some adaptations, in some cases in full but more commonly by contributing a percentage towards the cost of works; these figures are not generally included in table 2.
- Three Rivers, St Albans and Welwyn Hatfield did not respond to the request for updated and verified information, therefore, the original information received has been used.

Table 3 Total HIA Related Expenditure

Table 3 reflects the following

- HCC's total adaptations expenditure (2015/16 figures) alongside the countywide OT resource. This is added to the district total (from above – see table 2)
- This gives a Hertfordshire wide total for all HIA related expenditure, and details how this is financed.

	HCC	Districts Total	Hertfordshire Total
	£000s	£000s	£000s
Running Costs	800	848	1,648
Disabled Facilities	559	4,773	5,332
HRA adaptations	0	500	500
Gross cost of service	1,359	6,120	7,479
Client contributions	(153)	(160)	(313)
Agency fee income	0	(85)	(85)
Net cost of service	**1,206**	**5,875**	**7,081**
Funded by			
Grant	0	(3,070)	(3,070)
Revenue resources	(1,206)	(541)	(1,747)
HRA resources (revenue and capital)	0	(500)	(500)
Other capital financing (usually capital receipts)	0	(1,765)	(1,765)
Total financing	**(1,206)**	**(5,875)**	**(7,081)**

Table 4 Proposed Ongoing cost of the Shared Home Improvement Agency Service

Table 4 reflects the following:

- The model allows the costs of the shared service to be flexed according to the level of resource needed to run activities with different numbers of participating councils.
- Costs of adaptations are forecast in the model to continue as in current operations.
- Forecast running costs exceed the running costs noted in Table 2 above; solutions to this are shown in Table 5 below.
- The Shared Home Improvement Agency function has been costed at a level which will deliver sufficient capacity to work to develop specialisms and build new service offerings.
- The proposed size of the OT service will remain constant under both the six authority model and the all authority model. OT's will continue to provide a service to all districts whether they are in or out of the shared service model. This will be fully funded by HCC.

	Six authority model	All authority model
	£000s	£000s
HIA Service staffing	390	505
OT Service	671	671
HIA Service costs and overheads	51	59
Total running costs	**1,112**	**1,236**

Table 5 and 6 Revenue and Capital Impact per Authority

Table 5.1: Six Authority Model - Revenue Impact

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Running costs of shared service	107	68	78	108	69	682	**1,112**
Client contributions	(8)	0	0	(99)	(39)	(153)	**(299)**
Net cost of service	**99**	**68**	**78**	**9**	**30**	**529**	**813**
Current revenue budget for DFG	32	113	82	0	36	1,206	**1,469**
Residual costs in district i.e. non cashable savings	22	48	38	31	36	559	**733**
Extra revenue budget required	**90**	**3**	**33**	**39**	**30**	**(118)**	**77**
Fee income at 10% of DFG spend	(60)	(38)	(44)	(60)	(39)	n/a	**(241)**
Extra revenue budget required if charge fee income	**29**	**(36)**	**(10)**	**(21)**	**(9)**	**n/a**	**(46)**

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Dacorum. For all districts to show revenue savings, fee income of 15% would need to be charged, as shown below:

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Extra revenue budget required with fee income at 13%	17	(43)	(19)	(33)	(16)	n/a	**(94)**
Extra revenue budget required with fee income at 14%	5	(51)	(27)	(45)	(24)	n/a	**(142)**
Extra revenue budget required with fee income at 15%	(1)	(55)	(32)	(51)	(28)	n/a	**(167)**

Table 5.2: All Authority Model – Revenue Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Running costs of shared service	58	78	49	56	78	90	45	54	50	678	**1,236**
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	(153)	**(313)**
Net cost of service	**43**	**70**	**49**	**56**	**(21)**	**90**	**45**	**54**	**11**	**525**	**922**
Current revenue budget for DFG	80	32	113	82	0	70	80	0	36	1,206	**1,698**
Residual costs in district i.e. non-cashable savings	79	22	48	38	31	43	40	0	36	559	**895**
Extra revenue budget required for shared service	**42**	**60**	**(16)**	**12**	**9**	**63**	**6**	**54**	**11**	**(122)**	**119**
Fee income at 10% of DFG spend	(45)	(60)	(38)	(44)	(60)	(70)	(35)	(42)	(39)	n/a	**(433)**
Extra revenue budget required if charge fee income	**(3)**	**(0)**	**(54)**	**(32)**	**(51)**	**(7)**	**(29)**	**12**	**(28)**	n/a	**(192)**

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts, apart from East Herts, would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Three Rivers. For all districts to show revenue neutrality or savings, fee income of 13% would need to be charged, as shown below:

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Extra revenue budget required with fee income at 12%	(12)	(12)	(62)	(40)	(63)	(21)	(36)	4	(35)	n/a	**(278)**
Extra revenue budget required with fee income at 13%	(16)	(18)	(66)	(45)	(69)	(28)	(40)	(0)	(39)	n/a	**(322)**

In the tables above, fee income is based on DFG spend. During the implementation phase, other options for distribution of the fee income will be investigated. It may be that a fairer method will be to give each district enough fee income to generate a net nil budget and then pool any surplus for joint investment.

Table 6 reflects:

- The current level of spend on DFG's continuing, as well as the current capital contributions from each district
- Each district will receive a significant increase in capital grant available to them

Table 6.1: Six Authority Model – Capital Impact

	DBC	EHC	HBC	NHDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	**£000s**
DFG works spend	602	384	435	605	386	**2,412**
District capital contribution	(228)	(90)	(140)	(146)	(144)	**(748)**
Increased DFG grant 16/17	(675)	(530)	(538)	(654)	(523)	**(2,920)**
Extra capital money available	**(301)**	**(237)**	**(242)**	**(195)**	**(281)**	**(1,256)**

Table 6.2: All Authority Model – Capital Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
DFG works spend	450	602	384	435	605	701	350	418	386	**4,331**
District capital contribution	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	**(1,639)**
Increased DFG grant 16/17	(577)	(675)	(530)	(538)	(654)	(531)	(576)	(456)	(523)	**(5,060)**
Extra capital money available	**(301)**	**(301)**	**(237)**	**(242)**	**(195)**	**(240)**	**(271)**	**(300)**	**(281)**	**(2,368)**

Districts are asked to consider investing some of the extra capital money in county-wide preventative work, which would meet the grant conditions. The BCF Policy Framework clearly encourages innovative use of DFGs and sets out the expectation that local authorities with housing responsibility are expected to engage in joint BCF planning with welfare and health authorities. It is expected that health priorities, such as delayed transfer of care and readmission to hospital, will become more important in the way DFG is spent. Top-slicing 10% of the extra capital funding would provide £240,000 for preventative investment, and 20% would provide £480,000.

Any remaining Disabled Facilities Grant, which is not jointly pooled, will be retained by each district. However, there are restrictions around the use of the grant as outlined under the Regulatory Reform Order, detailed in Section 6.5.

Next Steps

The next phase of the project will include:

- Defining governance and oversight arrangements
- Developing a change management approach
- Designing the management and operating model for the Shared HIA Service including processes, vision, structures, behaviours, location, Service Level Agreements, Key Performance Indicators
- Establishing targets for delivery (see Appendix C for timeline and next steps)
- Compiling an implementation plan including systems convergence, policy harmonisation

A shadow form of the service will be in operation from April 2017 with full go-live from September 2017. A high level timeline is contained within Appendix C.

The next steps for the project are further described in **Section 7**.

Required Decisions

The Project Team is seeking the following from the Hertfordshire Chief Financial Officers (HCFO) Group:

1) Agreement to the high level recommendations
- Create a Shared Home Improvement Agency function inclusive of Disabled Facilities Grant service and integrated Occupational Therapy.
- Consideration as to the opportunity presented by the increase in funding from the Better Care Fund to consider the best way of investing this capital

2) Approval to progress to Service Development phase
The service development phase incorporates the governance arrangements, the operating model, charging arrangements, and the detailed implementation plan, to be in place by autumn 2016

3) Commitment to this project
Delivery of the project requires:
- A commitment to fund set up costs and preparations for the recruitment to the Head of Service role to commence by the Autumn, as detailed on p32
- Covering of any revenue pressures arising from the new service
- A commitment to maintain local contribution levels to home adaptations for a period to be defined, thereafter this will be subject to an annual review of budgets by participating authorities

4) Recommend the Business Case to their Members
To review the Business Case and assess its merits against the local baseline financial position, and to recommend to Members the adoption of a Shared Home Improvement Agency function by using the September / October political processes. A clear decision should be reached as to whether districts are in or out by the **end of October 2016**.

1 INTRODUCTION

1.1 National Background

The Spending Review 2015 has detailed one of its main objectives for the next four years is to develop an integrated health and care system, and that there would be £500m available by 2019-20 for the Disabled Facilities Grant. The grant is currently worth £220m in 2015-16. It has been stated that this increased level of funding will enable around 85,000 home adaptations in 2019-20, which is expected to prevent 8,500 people that year from needing to move to residential care.

1.2 Local Background

Disabled Facilities Grant is used to fund adaptations to property to help disabled people to remain independent in their homes. The requirement for Councils to deliver a Disabled Facilities Grant (DFG) service is a mandatory and statutory function for local housing authorities. The delivery of this function sits within District Council housing services. It is governed by the Housing Grants, Construction and Regeneration Act 1996.

Total spend on DFG and HRA adaptations by district councils within the county has been of the order of an average of £6.2m per year in recent years. In addition, HCC funds minor works: £378k was budgeted for these in 2014/15. In the same year, District Council staffing costs totalled an estimated £624k, with HCC's Housing Occupational Therapy service delivered via Serco costing £804k.

A number of national developments created an opportunity to review the delivery of DFG within the county area and consider how to integrate provision of help with home adaptations across housing, health and social care systems:

In 2013, the Government announced the creation of the Better Care Fund (BCF), as part of ongoing changes to the delivery of health and social care services across the country. Health and social care services were required to create a single pooled fund to support closer working between organisations in the area.

The BCF includes the Government's capital grant contribution for Disabled Facilities Grants (DFG). This had previously been provided to District Councils directly from Central Government. This funding change for DFG provided an ideal opportunity, especially as the BCF may not have the requirement to passport funds directly through to local authorities in the future.

For the first time the contribution of housing to the care and support system has been recognised via the Care Act, defining housing as a 'health related' activity
The Care Act 2014 also stipulates that Hertfordshire County Council retains social care duties in relation to the delivery of home adaptations.

In response, a partnership review between the District and Borough Councils and the County Council was commissioned by the Chief Executive's Co-Ordination Group (CECG). The governance arrangements for the review include a Steering Group with representatives from each of the Councils and a project group made up of two representatives from the local authorities, HCC project management resource, a professional lead and an external subject matter expert.

The partnership has undertaken work to develop a proposal for a Shared HIA Service and brought a paper to the CECG in December 2015 setting out the options for the delivery of the service.

1.3 Purpose of the Business Case

The purpose of this document is to establish whether there is a sufficient business case for exploring in more detail the setting up of a Shared Housing Improvement Agency (HIA) function and whether there is a particular way of sharing this service that is preferred.

The business case will test how far the potential partner Councils are prepared to work together towards common ends, informed by a high level analysis of whether a shared service model has sufficient cost and service benefits to proceed with the initiative.

The business case offers the Project Board and members of the respective Councils the opportunity to consider the merits of the proposal and the investment required before committing further resource.

The Business Case document describes:

- Why the Councils are considering sharing Housing Improvement Services
- The objectives of the project
- The approach taken
- The options that were considered
- The recommendation that is being proposed with associated costs and timescales
- The major implications and risks of the project

If the proposal is accepted, the Business Case will be developed further into a Service Development phase which will require approval before any potential implementation.

2 STRATEGIC CONTEXT

2.1 Why Consider Sharing Home Improvement Services

Councils across Hertfordshire work effectively in a wide range of partnerships in many service areas. The drivers behind a Shared Home Improvement Agency (HIA) Service are:

- To think strategically about the use of home adaptations and take a joined up approach to improving outcomes across health, social care and housing
- Supporting independent living by enabling Hertfordshire residents access to an appropriate service that is robust and equitable with transparency of delivery.
- More efficient and resilient service that helps local authorities deal with increased budget pressures
- The existing track record of effective two-tier working in the County
- The opportunity to explore new and innovative ways of working such as development of a Home Improvement hub
- The wish to avoid duplication of improvement efforts

2.2 Project Vision, Objectives and Benefits

Vision

The vision for the DFG proposal is to create a Shared Home Improvement Agency function inclusive of Disabled Facilities Grant service and integrated Occupational Therapy.

Objectives

The key deliverables of the Shared Home Improvement Service are set out below

- Ensure that all individuals in Hertfordshire who need housing adaptations to support independent living will have access to an appropriate service that is timely, accessible, equitable and fit for purpose to address rising demographic pressures
- Deliver a fully standardised service, enhancing operational efficiency, customer satisfaction and improving value for money
- Implement robust monitoring arrangements against key performance indicators
- Improve service resilience through joined up working, adopting a common methodology and service standards, sharing staff knowledge, skills and expertise
- Open up future opportunities to expand into private sector adaptations and align to wider Clinical Commissioning Group activity in order to maximise income generation, efficiency and value and impact of the DFG element of the Better Care Fund.

Benefits

The benefits of a Shared Home Improvement Service are:

- Increasingly effective use of the total DFG resource available to participating authorities resulting from knowledge sharing and efficiency of process
- Economies of scale in terms of staffing structure, working practices and systems
- A resilient service able to deal with fluctuations of demand, and therefore accessible to those when needed
- Increased customer satisfaction
- A solution which is available to all Hertfordshire councils
- A size of team which allows for career progression

3 APPROACH TO DEVELOPING THE BUSINESS CASE

3.1 Remit of the Project

The purpose of this document is to establish whether there is a sufficient business case for exploring in more detail the setting up of a Shared Housing Improvement Agency (HIA) function and whether there is a particular way of sharing this service that is preferred.

The business case will test how far the potential partner Councils are prepared to work together towards common ends, informed by a high level analysis of whether a shared service model has sufficient cost and service benefits to proceed with the initiative.

In light of the change in funding stream for DFGs, the district councils, in partnership with the County Council held a workshop in August 2015 to discuss current DFG service arrangements and areas for improvement. It was agreed that it would be useful to conduct a review of the way DFG services are accessed and delivered across the county.

In January 2016 the Chief Executive's Co-ordination Group (CECG) considered an options paper. CECG authorised the creation of a project to examine the Business Case for a Shared Home Improvement Agency function, committing to funding project management support to achieve this.

Subject to Business Case approval, the intention is to implement new structural arrangements in 2017/18 year followed by a two year period of service development as new ways of working are established.

For the purposes of clarity the costing assumptions have been presented in two ways in this Business Case:

1. For a smaller group of six authorities which have indicated a significant interest in progressing with the shared service, and
2. For the 'full' shared service which at present would include ten district authorities, plus the county council. Welwyn Hatfield Borough Council has an external contract until 2017 and so has not been shown in these calculations

Underpinning this Business Case is a set of workings which can easily be flexed for other combinations of authorities depending on appetite for inclusion within the proposal. This would include WHBC should this authority wish to participate in the shared service from 2017 or at a future point in time. The authorities are treated as follows according to the project team's current understanding of each individual authority's position on this project:

Table 1: Representation of authorities within the Business Case

Model 1. Smaller group of six authorities	Model 2. Full Shared Service – Ten authorities
• Dacorum Borough Council	• Dacorum Borough Council
• East Herts Council	• East Herts Council
• Hertfordshire County Council	• Hertfordshire County Council
• Hertsmere Borough Council	• Hertsmere Borough Council
• North Hertfordshire District Council	• North Hertfordshire District Council
• Watford Borough Council	• Watford Borough Council
• Hertfordshire County Council	• Broxbourne Borough Council
	• St Albans City & District Council
	• Stevenage Borough Council
	• Three Rivers District Council

3.2 Setting up the Project

Following the August workshop the project structure was agreed as set out below. A Project Lead was identified and Operational Group established.

Project Governance

The following governance groups are already in existence for this project:

- Fortnightly Operational Group (Project Team) chaired by the Project Lead – Jamie Sutterby, with representatives from two District Councils.
- Steering Group (Project Team) chaired by a District Council lead, representatives from every District councils attend
- Chief Executive's Co-ordination Group (CECG) to provide steer where necessary
- Member updates where necessary for decision making

3.3 Stages in Developing the Business Case Below are the key phases which make up the Business Case process:

Figure 1: **Business Case Development Stages**

Following approval of this Outline Business Case the project will progress to developing the Final Business Case, including Implementation Plan over Summer 2016. This will include a detailed Service Specification, more detailed financial information including a re-charging mechanism. See Appendix C for a high-level timeline of the project.

Section 4 Establish Baseline
This section seeks to outline the position each authority in relation to the cost of their current service, performance, staffing numbers, grades, roles, and IT systems.

Section 5 Appraise Option

This section seeks analyse options that have been considered and provide appropriate recommendations as to the preferred option.

Section 6 Define Scope

This section seeks to clarify what the shared service could deliver, as well as boundaries of its activity and how these activities will interface with partner Councils.

Section 7 Quantify Costs and Benefits

This section seeks to set out the quantitative benefits of the shared service model, and detail both the current running costs for each authority, as well as the future running costs under the proposal, including set-up costs, and ongoing staffing costs. It looks at methods of apportioning the costs between the authorities involved

Section 8 Project Management Delivery and Next Steps

This sections seeks to outline of how the project is set-up, will be managed and the key risks involved.

4 ESTABLISHING THE BASELINE

4.1 Current Cost of Home Improvement Services

Since the outline business case, baseline cost information has been rechecked with districts. The most significant change resulting from this is that running costs have been amended from £539k to an increased figure of £848k.

The following caveats were noted regarding the baseline cost information:

- There is a mixture of information from both financial and service records, not all of which was consistent within individual authorities.
- DFG staffing is set up in a number of different ways in authorities which made it hard to compare costs on a like for like basis.
- Not all authorities took the same approach regarding the charging of costs to capital and costs were not always separately identified to DFG activity.

With these caveats in mind, the exercise demonstrated that total spending on DFG and HRA adaptations by district councils within the county has been of the order of an average of £6.2m per year in recent years. DBC spends an additional £1.5m on HRA adaptation works and equipment, but these are currently delivered through an outsourced arrangement so have been excluded.

The baseline position of district council expenditure on Disabled Facilities Grant and other adaptations, along with funding is summarised as shown in table 2 below. The table summarises average costs using all available data provided by district councils which, depending on the authority, covered the period 2012/13 to 2015/16

Table 2: District Average Annual Cost of DFG and Home Improvement Related Spend

The table below summarises the average annual cost of DFG and Home Improvement related services in the participating authorities.

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	WHBC	Districts total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running Costs	133	66	113	82	50	70	80	94	111	49	848
Disabled Facilities	450	602	384	435	605	701	350	418	386	442	4,773
HRA adaptations	0	0	0	0	0	0	500	0	0	0	500
Gross cost of service	583	668	497	517	655	771	930	512	497	490	6,120
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	0	(160)
Agency fee income	0	(35)	0	0	(50)	0	0	0	0	0	(85)
Net cost of service	**568**	**626**	**497**	**517**	**506**	**771**	**930**	**512**	**459**	**490**	**5,875**
Funded by											
Grant	(314)	(366)	(293)	(295)	(360)	(291)	(305)	(250)	(279)	(316)	(3,070)
Revenue resources	(80)	(32)	(113)	(82)	(0)	(70)	(80)	0	(36)	(49)	(541)
HRA resources (revenue and capital)	0	0	0	0	0	0	(500)	0	0	0	(500)
Other capital financing (usually capital receipts)	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	(126)	(1,765)
Total financing	**(568)**	**(626)**	**(497)**	**(517)**	**(506)**	**(771)**	**(930)**	**(512)**	**(459)**	**(490)**	**(5,875)**

Notes

- Baseline figures have been investigated thoroughly since the outline business case; the most significant changes are that running costs have been amended from £539k to an increased figure of £848k. This is following the verification of district information, and the inclusion in running costs of system costs, overheads, and travel costs, where previously only staffing costs were shown.
- There is differing treatment among districts regarding whether staffing costs are charged to revenue or capital.
- Registered housing providers also fund some adaptations, in some cases in full but more commonly by contributing a percentage towards the cost of works; these figures are not generally included in table 2.
- Three Rivers, St Albans and Welwyn Hatfield did not respond to the request for updated and verified information, therefore, the original information received has been used.

4.1.2 County Council Overview

HCC funds minor adaptations including grab rails, stair rails, bath rails or other works that are below £1,000. If the work is over £1,000 and the person is eligible for a Disabled Facilities Grant they are encouraged to apply for the grant unless the work is urgent (i.e. to facilitate hospital discharge or if the person is terminally ill). For those who are assessed to pay a contribution to the Disabled Facilities Grant and the work costs less than £1,000, HCC can pay the person's contribution.

Major adaptations may be arranged and funded in various ways, depending on the cost of the adaptation, whether the property is Council, Housing Association, privately rented or owner-occupied, the financial circumstances of the person and the differing policies and practices of other agencies. Funding for major adaptations may be available where the person is deemed to be eligible, and no other sources of funding are available.

Given the focus on DFG via the BCFs, in March 2016 the Department of Health discontinued the Social Care Capital Grant (SCCG) from 2016/17. The SCCG in Hertfordshire was worth £2.302m in 2015/16.

In respect of Adult Social Care, HCC employs Occupational Therapists (OTs) under its contract with Serco. The OTs work in partnership with district council DFG services, giving advice and making prescriptions in relation to DFG activity. Staffing costs currently relating to the OT resource are estimated at £800k, and ongoing OT staffing costs are expected to be fully funded by HCC in any shared service arrangement. Serco advise that an OT resource of 13 FTE would be required in the new arrangement.

Table 3 shows HCC's total adaptations expenditure (2015/16 figures) alongside the countywide OT resource. This is added to the district total (from above) to show a Hertfordshire total.

Table 3: Total HIA Related expenditure

	HCC	**Districts Total**	**Hertfordshire Total**
	£000s	£000s	£000s
Running Costs	800	848	1,648
Disabled Facilities	559	4,773	5,332
HRA adaptations	0	500	500
Gross cost of service	1,359	6,120	7,479
Client contributions	(153)	(160)	(313)
Agency fee income	0	(85)	(85)
Net cost of service	**1,206**	**5,875**	**7,081**
Funded by			
Grant	0	(3,070)	(3,070)
Revenue resources	(1,206)	(541)	(1,747)
HRA resources (revenue and capital)	0	(500)	(500)
Other capital financing (usually capital receipts)	0	(1,765)	(1,765)
Total financing	**(1,206)**	**(5,875)**	**(7,081)**

4.1.3 DFG Grant Funding

BCF allocations of DFG to individual authorities increased in 2016/17 as per Table 4 below.

Table 4: DFG Grant Allocation 2015/16 and 2016/17

	2015/16	**2016/17**	**Change**
	£'000s	£'000s	£'000s
BBC	314	577	263
DBC	366	675	309
EHC	293	530	237
HBC	295	538	242
NHDC	360	654	294
SADC	291	531	240
SBC	305	576	271
TRDC	250	456	206
WBC	279	523	244
WHBC	316	592	276
Hertfordshire Total	**3,070**	**5,652**	**2,581**

4.2 Current Services

Making comparisons between districts is very difficult because each authority has developed a DFG service in its own way to respond to local needs and maximise use of resources within their organisation.

4.2.1 Service type

In six authorities, the service is managed within the environmental health service and in the other four districts, it sits within the housing service. In most authorities, the DFG service is part of the wider private sector housing function although in one authority, it is in a different part of the housing service altogether.

There are a number of different delivery models. All authorities have some direct input into the grant process although the range of involvement varies from minimal with the main activity being grant approvals and completions, to more detailed involvement akin to that provided by an HIA. This might include discussing options around adaptations, supporting clients in completing application paperwork, obtaining estimates on behalf of clients and overseeing works.

Staffing levels vary between different authorities. In most authorities, the DFG function is carried out by officers who provide a range of services and it has been necessary to estimate the proportion related to the DFG function. The required officer resource is also affected by the extent to which agents or other support services are used.

4.2.2 Waiting Lists

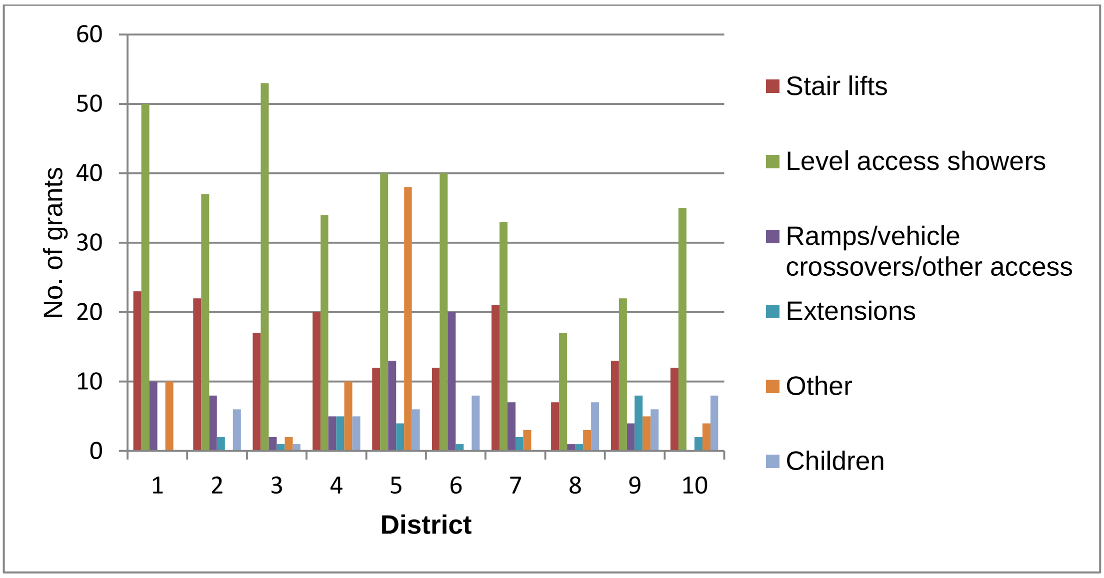
HCC has reported that the current average waiting time for an Occupational Therapy assessment is 8-12 weeks.

Districts have reported that once a referral is received from the OT Service, an initial response is made within 2 weeks or less, so effectively there are no waiting lists across districts. Completion of the adaptation required will depend on a number of factors including the nature of the works, input from the client, and availability of contractors.

4.2.3 Types of adaptation

The charts below indicate the main types of adaptation that DFGs are used to fund. It can be seen that in every district, level access showers are the most common adaptation, a total of 361 accounting for nearly 50% of all adaptations across the County. Level access showers and stair lifts total around 70% of all adaptations

Figure 2 Adaptation type by district authority

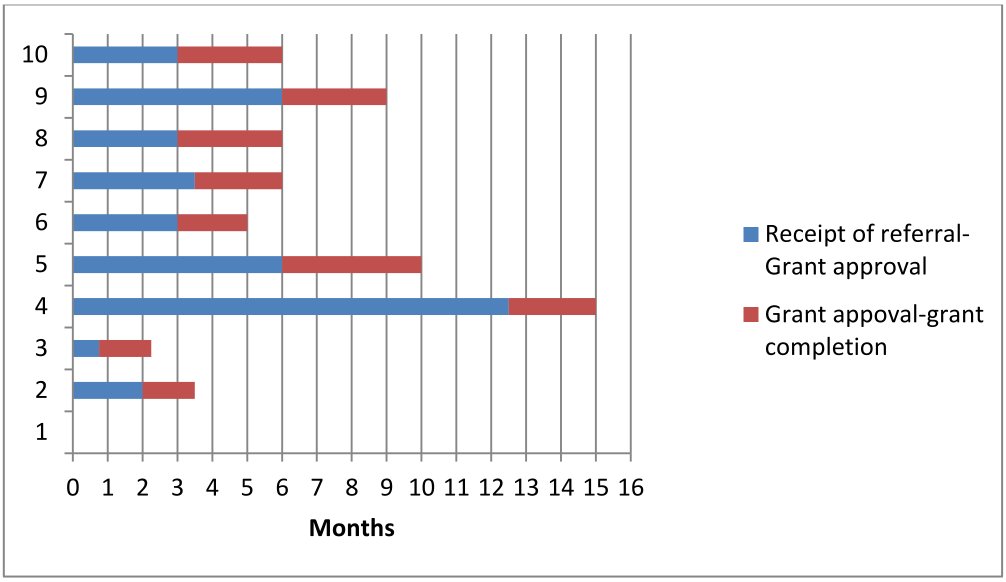


4.2.4 Timescales

The timescales for assessment, processing of grant applications and completion of works were investigated as part of a previous project. However, it was impossible to even provide an indication of how long the process is from a client perspective.

Once district councils receive a referral, there are a number of stages that need to be gone through, first to complete an application and then, once a grant is approved, to complete the works. District councils were asked to estimate the typical time for these two stages, the results of which are shown in the chart below. Again, it has to be accepted that there will be variations because larger jobs, for example an extension to incorporate a bathroom, will obviously take longer than the fitting of a stair lift.

Figure 3 Timescales for processing grant applications by district councils



5 SCOPE OF SERVICES

The scope section of this Business Case seeks to clarify what the shared service could deliver, as well as boundaries of its activity and how these activities will interface with partner Councils.

The Operational Group considered which responsibilities and functions within the DFG service could be shared across the participating Councils.

5.1 Overview

The vision for the HIA is that it will provide a range of services to support independent living. The core element of the service would be delivery of the disabled facilities grant function. However, it is envisaged that this core service can be enhanced in a number of ways to provide an improved service to clients who qualify for a DFG and those who do not qualify but nonetheless need adaptations or other support, which if not provided, could result in increased costs to the health and social care authorities.

5.2 Core Service

The service will both manage the application process for Disabled Facility Grants (DFGs) and discretionary grants, assessment of applications and applicants (including Occupational Therapist (OT) assessments) plus the delivery, including supporting people through the repairs and adaptation to their home.

The key objective will be to provide an advice service which ensures people have information about their housing options and where the choice is made to enable older people, people with disabilities (including children) and those on low incomes to remain living in their homes safely, securely and independently. Support provided will be delivered to people in their own home.

The services to be provided will include:

- Information, advice and guidance, including administration of grant applications, test of resources and income management advice/benefit checks
- Advice about housing options and other support/housing schemes plus sign posting as appropriate to schemes such as equity release
- OT assessments
- Scheme design and project management including letting the works contract.

By integrating the OT assessment and adaptation delivery elements of the process into a single service, it is envisaged that the timescales for delivery of adaptations can be significantly reduced from many months to weeks for straight forward adaptations.

5.3 Enhanced Services

Currently, some clients are assessed as requiring adaptations but due to their financial situation are not entitled to a DFG. At present no further support is offered and clients are expected to make their own arrangements for the adaptations that they require. The HIA would be in a position to offer assistance in arranging the required adaptation work for a proportionate fee. This fee income would contribute to the overall cost of running the service.

Many HIA services around the country offer a handyman service to assist people in carrying out basic maintenance and enhancement tasks in their own homes. A reasonable fee is charged, which may be a fixed fee for specific tasks or a reasonable hourly rate. Such services from reliable agencies are valued by elderly people or other vulnerable groups. The aim would be to operate this service on at least a cost neutral basis, with any surplus contributing to the Service's overall costs.

5.4 Future Service Development

The Care Act 2014 sought to put in place significant changes in how health and social care services are delivered, which all authorities and agencies working in this sector need to respond to. The Better Care Fund presents an opportunity to integrate provision of help with home adaptations across housing, health and social care systems to achieve better health and wellbeing outcomes. The success of this regime will be measured by outcomes including:

- Numbers of people admitted to residential and care homes;
- Effectiveness of reablement;
- Delayed transfers of care ('bed-blocking');
- Avoidable emergency admissions; and
- Patient / service user experience

The HIA will be well placed to develop enhanced services to contribute towards these outcomes, for example by enabling people to continue to live independently at home rather than being admitted to residential and care homes.

The table below uses the workshop results to give a view, based on the mapping exercise, of which activities would be performed by the shared service, and which by council partners.

Table 5: Core HIA Process: Boundaries and Interfaces with Councils

Activity	Shared Service	Councils
Home Improvement Risk Assessment	Maintain risk assessment of activity & use this to inform work planning	Contribute information to the risk assessment
Work Planning	Formulate an annual plan of activity	Consider, influence and accept the annual plan
Work Allocation	Determine how resources to be allocated and when activity will occur	Agree the timing of activity and make available resources to support this
Reporting	Report on activity to Councils	Share reports with stakeholders

5.5 Business Management and Support Processes

The service will have business management needs as set out below:

Figure 4: Business Management and Support

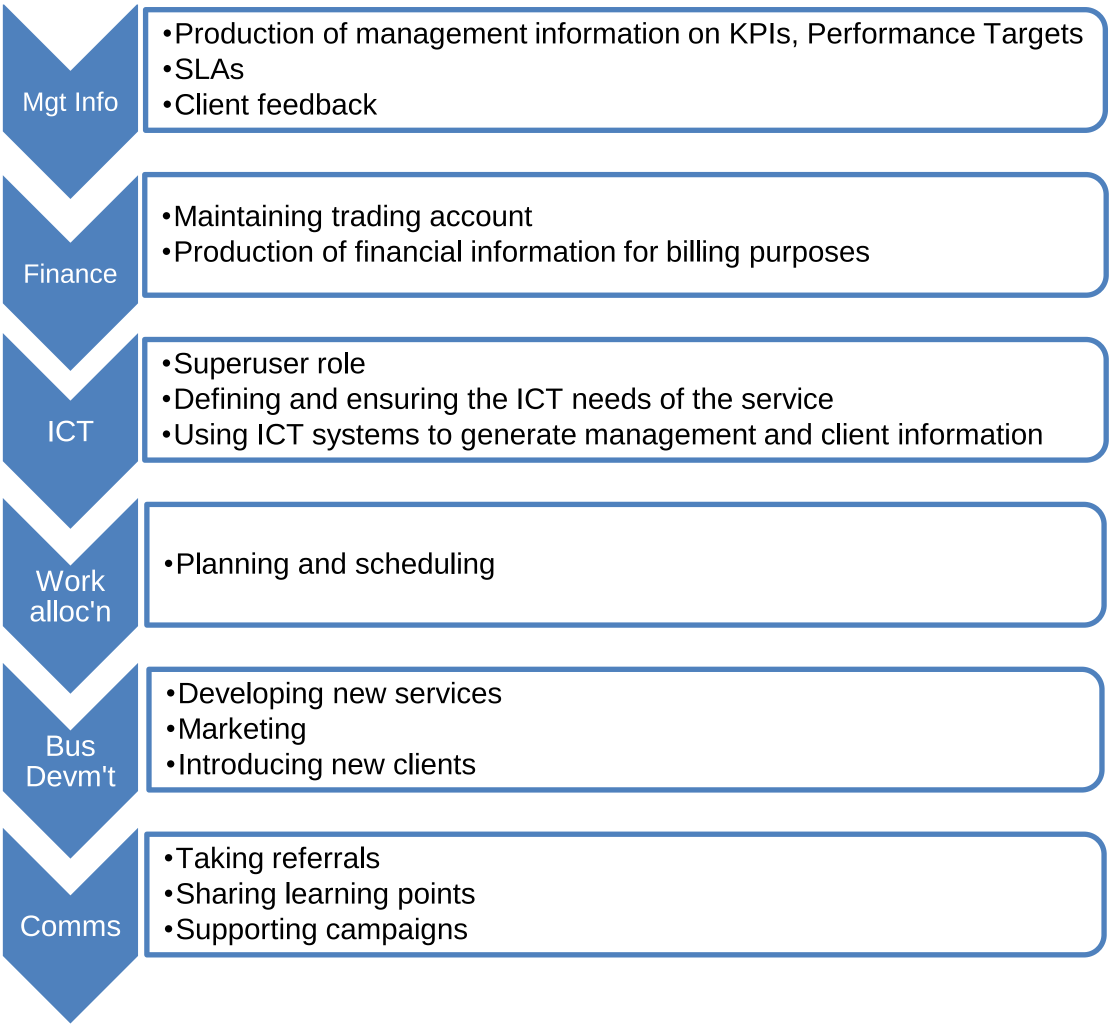


Table 6: Business Management and Support: Boundaries and Interfaces with Councils

This table gives a view of the allocation of business management and support tasks between a shared service and partner councils.

Task	Distribution	
	Shared Service	**Councils**
Performance reporting	Generate performance reports according to agreed format and timetable	Monitor and review activity
Finance	Generate bills Maintain trading account	
ICT	Implement and maintain ICT systems	Provide access to local systems
Work allocation	Determine how resources to	Agree the timing of activity and

Task	Distribution	
	Shared Service	**Councils**
	be allocated and when activity will occur	make available resources to support this
Business Development	Identify and develop opportunities to grow the service	
Communications	Communicate the results of activity	Provide feedback on service performance Communicate the work of the service to stakeholders

.

5.6 Exclusions

The following areas are excluded from the scope of this business case:

Extended Involvement Team OTs – the EIT OTs remit is large and varied and a large proportion of their time is spent on other work besides adaptations. For this reason it would be too complicated to extract from the service now. However the EIT will be a key interface with the new Shared Housing Improvement Agency and with a view to include this in the future.

6. QUANTIFYING COSTS AND BENEFITS OF THE PROPOSED MODEL

6.1 Proposal

The Business Case proposal is to set up a Shared Service to deliver a Shared Housing Improvement Agency function across Hertfordshire.

6.2 Benefits

A shared service model will deliver financial and qualitative benefits that meet the project's objectives. Qualitative benefits were outlined in the executive summary.

Financial benefits, which would accrue even in the six authority approach, include:

- Joint procurement
- Sharing of management overheads & other specialist and process-related economies of scale
- Opportunity for a consolidated financial assessments process.

6.3 Costs

A model has been developed which allows the costs of the service to be developed for any combination of authorities joining the service. The assumptions and caveats relating to this modelling are:

- Figures include HRA adaptations information where available, so the total movements may be split between General Fund and HRA.
- Staffing structure and grading of the proposed service will require HAY evaluation (or similar).
- We have not attempted to model for increasing demand or costs.
- We have not estimated savings from changes to procurement practice.
- We have made no estimate of savings from financial assessments - there may be duplication between financial assessments carried out by districts and by HCC, providing scope for efficiency savings.
- We have assumed that the OT service for DFGs will transfer to the shared service and this will be fully funded by HCC.
- There may be scope for savings or increased capacity on the part of the service by flexing the mix of professionally qualified and non-qualified staff in the proposed structure.

6.3.1 Sizing the Team

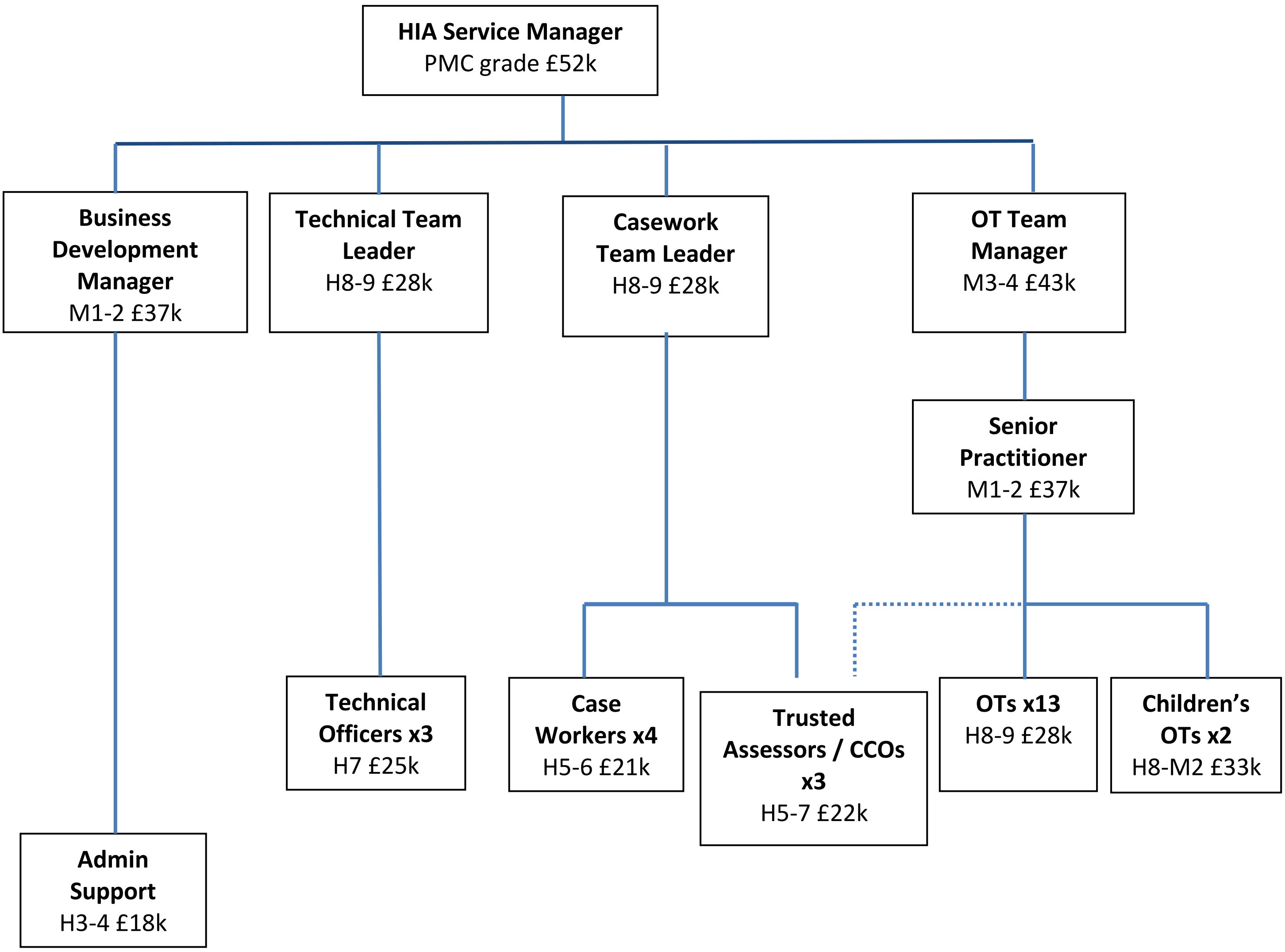
In order to determine a model for the team the caseload numbers of the district and borough councils and of the OT service were obtained.

Benchmarking states that a Technical Officer (TO) working in a high-performing HIA, with a good efficient system, a contractor framework and a robust case management IT system, should be able to process around 175 cases a year and a Caseworker (CO) between 120 and 150, depending on the complexity of the case.

For OT activity a figure of 4.4 cases per week (taken from the HCC Performance Dashboard) has been used, along with an average leave, sickness, and training absence of 15%). This was then used to develop the staffing model shown in Figure 5 below.

This staffing model is for the scenario where all the districts and borough councils join the shared service, and is reduced accordingly in the scenario where a smaller number of authorities joint the shared service.

Figure 5: Staffing Model for Shared Home Improvement Agency Function



6.3.2 Proposed Ongoing Costs of the model

The annual running costs of the above model are demonstrated in table 7 below:

Table 7: Proposed Ongoing cost of the Shared Home Improvement Agency Service

	Six authority model	All authority model
	£000s	£000s
HIA Service staffing	390	505
OT Service	671	671
HIA Service costs and overheads	51	59
Total running costs	**1,112**	**1,236**

OT Service costs above include the cost of two Children's Occupational Therapists; however there are still ongoing discussions about where these posts will be funded from.

Costs of adaptations are forecast in the model to continue as in current operations.

The forecast running costs exceed the current running costs noted in Table 2 above; solutions to this potential barrier are discussed in Section 7.4.

It will be helpful to design a service with a structure that is fit for purpose going forward in view of rising levels of demand resulting from demographic pressures, and the government's wish to invest more funding in this area through to 2019/20.

The proposed size of the OT service will remain constant under both the six authority model and the all authority model. OT's will continue to provide a service to all districts whether they are in or out of the shared service model. This will be fully funded by HCC.

6.3.3 Initial Set-up Costs

Areas of expenditure have been identified below; these are estimates of costs based on the experience of setting up a Shared Anti-Fraud Service. Extra costs may be identified once more detailed implementation planning has taken place but costs are not likely to be material to each authority involved.

Table 8: Set-up costs of the Shared Service

Description of expenditure	Cost £000s
Project management	Covered by BCF
Legal support	1.5 per partner
Case management system; assumes new system purchased	25
IT, telephony, other supplies and services set-up costs	25
Head of Service from Jan 2017 - April 2017	17
Cost per partner based on six authority model	**13**
Cost per partner based on all authority model	**7**

6.4 Apportionment of Running Costs

Grant conditions relating to DFG advise that the monies can only be used to fund capital expenditure. Therefore we have assumed for these purposes that the running costs of the shared service need to be charged to revenue

Three options for apportionment of running costs were set out in the outline business case and Option A was recommended. This option entailed apportioning the running costs based on the expenditure on aids and adaptations, using a three year average over the period 2013/14 to 2015/16. All further financial information is based on this option.

In all three scenarios it is assumed that HCC pays for the full costs of the OT resource, plus a proportionate amount of the overall head of service, and does not bear any of the other running costs.

Tables 9 and 10 below show the overall before and after position for each authority of joining the shared service. This has been split to show separately the revenue and capital impact on the authorities.

The option to charge fee income has been included in order to maintain revenue costs within the current funding envelope as far as possible, as requested by district CFO's. Currently, a number of districts charge an agency fee on DFG works. This process involves using an agent to carry out the works which enables a project management fee to be charged. This can then be used to offset the extra revenue costs.

Districts who charge fee income charge a percentage of between 8-10% currently but there is scope to charge more if necessary.

Table 9.1: Six Authority Model - Revenue Impact

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Running costs of shared service	107	68	78	108	69	682	**1,112**
Client contributions	(8)	0	0	(99)	(39)	(153)	**(299)**
Net cost of service	**99**	**68**	**78**	**9**	**30**	**529**	**813**
Current revenue budget for DFG	32	113	82	0	36	1,206	**1,469**
Residual costs in district i.e. non cashable savings	22	48	38	31	36	559	**733**
Extra revenue budget required	**90**	**3**	**33**	**39**	**30**	**(118)**	**77**
Fee income at 10% of DFG spend	(60)	(38)	(44)	(60)	(39)	n/a	**(241)**
Extra revenue budget required if charge fee income	**29**	**(36)**	**(10)**	**(21)**	**(9)**	**n/a**	**(46)**

Notes

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Dacorum. For all districts to show revenue savings, fee income of 15% would need to be charged, as shown below:

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Extra revenue budget required with fee income at 13%	17	(43)	(19)	(33)	(16)	n/a	**(94)**
Extra revenue budget required with fee income at 14%	5	(51)	(27)	(45)	(24)	n/a	**(142)**
Extra revenue budget required with fee income at 15%	(1)	(55)	(32)	(51)	(28)	n/a	**(167)**

In the tables above, fee income is based on DFG spend. During the implementation phase, other options for distribution of the fee income will be investigated. It may be that a fairer method will be to give each district enough fee income to generate a net nil budget and then pool any surplus for joint investment.

Table 9.2: All Authority Model – Revenue Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Running costs of shared service	58	78	49	56	78	90	45	54	50	678	**1,236**
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	(153)	**(313)**
Net cost of service	**43**	**70**	**49**	**56**	**(21)**	**90**	**45**	**54**	**11**	**525**	**922**
Current revenue budget for DFG	80	32	113	82	0	70	80	0	36	1,206	**1,698**
Residual costs in district i.e. non-cashable savings	79	22	48	38	31	43	40	0	36	559	**895**
Extra revenue budget required for shared service	**42**	**60**	**(16)**	**12**	**9**	**63**	**6**	**54**	**11**	**(122)**	**119**
Fee income at 10% of DFG spend	(45)	(60)	(38)	(44)	(60)	(70)	(35)	(42)	(39)	n/a	**(433)**
Extra revenue budget required if charge fee income	**(3)**	**(0)**	**(54)**	**(32)**	**(51)**	**(7)**	**(29)**	**12**	**(28)**	n/a	**(192)**

Notes

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts, apart from East Herts, would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Three Rivers. For all districts to show revenue savings, fee income of 13% would need to be charged, as shown below:

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Extra revenue budget required with fee income at 12%	(12)	(12)	(62)	(40)	(63)	(21)	(36)	4	(35)	n/a	**(278)**
Extra revenue budget required with fee income at 13%	(16)	(18)	(66)	(45)	(69)	(28)	(40)	(0)	(39)	n/a	**(322)**

In the tables above, fee income is based on DFG spend. During the implementation phase, other options for distribution of the fee income will be investigated. It may be that a fairer method will be to give each district enough fee income to generate a net nil budget and then pool any surplus for joint investment.

Table 10.1: Six Authority Model – Capital Impact

	DBC	EHC	HBC	NHDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	**£000s**
DFG works spend	602	384	435	605	386	**2,412**
District capital contribution	(228)	(90)	(140)	(146)	(144)	**(748)**
Increased DFG grant 16/17	(675)	(530)	(538)	(654)	(523)	**(2,920)**
Extra capital money available	**(301)**	**(237)**	**(242)**	**(195)**	**(281)**	**(1,256)**

Table 10.2: All Authority Model – Capital Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
DFG works spend	450	602	384	435	605	701	350	418	386	**4,331**
District capital contribution	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	**(1,639)**
Increased DFG grant 16/17	(577)	(675)	(530)	(538)	(654)	(531)	(576)	(456)	(523)	**(5,060)**
Extra capital money available	**(301)**	**(301)**	**(237)**	**(242)**	**(195)**	**(240)**	**(271)**	**(300)**	**(281)**	**(2,368)**

Notes

- The capital impact tables above assume the current level of spend on DFG works will continue, as well as districts putting in the same capital contributions going forward. The impact on each individual district is the same regardless of which model is taken forward.
- Due to the increased DFG grant levels from 16/17 onwards, each authority will have a significant increase in capital money available.
- HCC is excluded from the capital tables as it is not awarded DFG.

6.5 Future Planning

6.5.1 Alternative Use of DFG

The BCF Policy Framework clearly encourages innovative use of DFG, as well as setting out an expectation that local authorities with housing responsibility are expected to engage in joint BCF planning with welfare and Health authorities, and it is expected that health priorities, such as delayed transfer of care and readmission to hospital, will become more important in the way DFG is spent. The scope of the Regulatory Reform Order was also extended in 2008-09 to include use of DFG money, which enables authorities to use this money for wider preventative purposes.

Hertfordshire's demographics show an increasingly ageing population and therefore investing in more preventative services is key to reducing demand on services and avoiding higher costs in the future.

HCC has already begun focusing on prevention as a strategic priority. Strategic Management Board and Health and Wellbeing Board have both endorsed the strategic shift to prevention.

Based on this BCF guidance and the focus on prevention, there is a proposal to gain agreement from each district that a proportion of this extra capital money can be top-sliced and pooled together to be spent collectively on Hertfordshire wide projects, for example, provision of telecare or reablement. A number of other authorities have already adopted this approach.

Top-slicing 10% of the extra capital funding for each district would give the Hertfordshire BCF £240,000 to invest in preventative work. Top-slicing 20% would provide £480,000. However, this would need agreement from all authorities to proceed.

7 PROJECT MANAGEMENT DELIVERY AND NEXT STEPS

7.1 Project Constraints, Assumptions and Dependencies

Key **constraints** for consideration by the Chief Executive's Co-ordination Group (CECG) in supporting the Business Case:

- Work stream leads will not be dedicated to the project on a full time basis so capacity, particularly for key elements, will need to be kept under review
- Availability of stakeholders will affect the delivery of the project, for example OT and District staff participation in focus groups and scoping exercises

Key **assumptions** for consideration by the CECG in supporting the Business Case:

- A Finance Manager is assigned to support the project
- The initial phase of the new service will be from implementation to go-live
- Go-live is planned for the start of the new financial year 17/18

Key **dependencies** for consideration by the CECG in supporting the Business Case:

- Harmonising systems or procuring a brand new system
- The establishment of effective and workable governance arrangements
- The need to recognised the transitional period into the Shared Service and any requirements to support DFG activity over this period
- The partnership continues for at least five years to ensure the opportunity to develop a sustainable solution. Reviews of the partnership would take place periodically.
- The provision of services which meet each organisation's needs and strategic objectives

7.2 Project Next Steps

It is proposed that the current governance arrangements continue into the next phase of the project i.e. that the Business Case is presented to the respective Cabinets, that senior Members are kept informed of progress through the usual channels, and all Members generally through joint communications where appropriate.

Governance arrangements and decision-making arrangements for the shared service operation will be explored in more detail in the next phase of the programme.

7.2.1 Formalising the Commitment of the Participating Councils

The Operational Group agreed in April 2016 that after this Business Case has been approved, each potential partner will make its own assessment of the merits of the case in relation to its own position. Each Council will apply its own decision-making process and confirm the outcome to the Board.

It is r**ecommended** that each authority agrees to formally commit to participate in the shared service by a date to be agreed.

7.2.2 Resourcing the Project

At all levels of our organisations, working on this project is a rapid learning curve. The engagement of staff and the way they have worked together in the project teams has been positive, and needs to continue. Ensuring that staff in each Council at all levels of the project are able to continue to commit the necessary time and effort is critical to the success of the programme.

It is **recommended** that the programme continues to be resourced by the participating Councils to work alongside the Project Manager to prepare the Service Development phase and start preparations for implementation. This resource is required to ensure that the project can be delivered in accordance with the proposed timetable.

7.2.3 Change Management

The proposed project will impact significantly on how DFG services are provided, commissioned and managed throughout the participating Councils. This will affect not only those staff directly engaged in the provision of this service but also the Councils receiving the service.

A key success factor will be the ability of the participating Councils to communicate with a wide range of stakeholders and ensure that each is adequately informed and actively and positively engaged in the development and delivery of change.

It is vital that all stakeholders in all the participating Councils are kept appraised of the Boards decisions, the scope and aims of the project and of project progress. Stakeholder management and change management will be run as an integral part of the project management process in order to inform and improve the development of the project, identify potential resistance at an early stage, shorten delivery timescales and increase the likelihood of all potential project benefits being realised.

7.2.4 Implementation plan

The service will need to work to an agreed implementation plan post go-live to prioritise how each of these service elements will be brought on stream. It will be beneficial to have additional project support during the early stages of the new service to support this.

7.2.5 Shared Service Operation

Detailed work will need to be carried out on what the Shared Home Improvement Service model will look like (business process re-engineering), how it can most effectively operate (management and governance arrangements), where it will be accommodated and how each council can best monitor its operation (client function). Some consideration will also need to be given to branding and how the service is distinguished from other related services.

7.2.6 Shared Service Performance

It will be necessary to define performance indicators and targets for the Shared Home Improvement Service. These will need to reflect the benefit delivered by the service to partners in terms of savings and improvements made, and ideally should incentivise the service to increase the value of supported living services. The data required to produce performance information will need to be straightforward to obtain.

7.2.7 Systems Convergence

It is **recommended** that the participating Councils agree in principle to agree to adopt a single case management system in order to gain the benefits of moving to a common system.

7.2.8 Harmonising policies

Each Council has its own set of policies in relation to this area. Variance in key policies is potentially an area of diseconomy to a future shared services operation. It is **recommended** that policy harmonisation is progressed where it is straightforward to do so, for example in the areas of:

- General operation procedure including performance criteria
- Financial inclusion or debt management policies
- Social care strategies, including carers, mental health and older people

Harmonisation will help achieve efficiency in terms of minimising any resource required to administer divergent policies, and reduced potential for errors in advice given.

7.3 Project Stakeholders

- Council staff
- Council senior managers and CFOs / Chief Executives
- Serco contract leads
- Elected Members
- Voluntary/Health / Housing / Social Care sectors
- Residents of Hertfordshire
- CFOs of all interested parties
- East and North Hertfordshire CCG
- Herts Valleys CCG
- NHS England

7.4 Project Issues and Risks

A detailed issue log and risk register will be developed by the project team. These registers will be monitored and maintained together with appropriate rating and controls. High impact issues and risks will be escalated by the Project Manager to the Project Lead and Sponsors as appropriate.

Key **issues** for consideration in supporting the business case:

- How should any funding / charging model work
- Need for completion of financial baseline activity
- Difficult to estimate possible TUPE/pension costs to the project
- Lack of service user input so far
- Awareness of bringing all professional referral routes into one service e.g. referrals that come from Health, independent therapists or those from out of area if a service user moves

Key **risks** for consideration in supporting the business case:

Summary of Key Risks	Probability	Impact	Risk Rating	Containment
There is a risk that the existing variability in provision and contractual arrangements of local authorities' DFG services may result in the project not being able to deliver the desired model	**4 Likely**	**4 Medium**	**16 Significant**	Early engagement with Districts to understand their existing arrangements
There is a risk that the Framework agreement may be too expensive	**3 Possible**	**4 Medium**	**12 Significant**	Early market testing and learning from other similar models
There is a risk that we are unable to include Housing OTs in the initial set up as the service is part of the Serco contract – this runs for another three years.	**3 Possible**	**8 High**	**24 Significant**	Early engagement with Serco to discuss cost implications of the service being transferred back to the Council early
There is a risk staff retention and motivation could drop resulting in a turnover of workforce, loss of historical knowledge and skills and associated costs	**3 Possible**	**8 High**	**24 Significant**	Mitigate risk by working with HR to develop and implement communications and staff engagement strategy

Appendix A Options Analysis for Procurement Review

Option	Benefits	Drawbacks
A. Framework Agreement	• Potential to reduce costs and time associated with delivering works • Time-saving efficiencies related to administrative function and handling times • Ensures consistency and equity across districts signed up to it • Resilience of labour supply • Can support small providers (continuing stream of work, less time on admin and pricing, better procurement arrangements) • If frameworks are delivered independently to other organisational changes then benefits can be realised quickly • Can be used effectively with schedule of rates to improve cost and budgeting control • Not paying more than market value for works • Flexible for customers to choose preferred provider • Encourages competitive pricing	• Procurement procedure required • Will need to be reviewed regularly (at suitable intervals) to allow new entrants and release those who no longer want to participate without penalty • Time consuming to set up • Will need significant district/borough buy-in to make effective • Frequent review to ensure best value is achieved • Providers may not want to work on complex jobs where margins are small
B. Direct contract	• Potential to reduce costs and time associated with procurement • Time-saving efficiencies related to administrative function and handling times • Ensures consistency and equity across districts signed up to it • Resilience of labour supply • Develop partnership relationship • Greater savings from guaranteed work	• Procurement procedure required • Could be paying more than market value for works • Provider may lose out if market value fluctuates • Time consuming to set up • Will need significant district/borough buy-in to make effective • Large, non-local providers are likely to win business • Less flexibility/viable options if provider is underperforming
C. Do nothing	• Good contractual arrangements in place • Knowledgeable, committed staff • Trusted brand • Support local business	• Not a standardised approach to costs • Time-consuming • Admin-heavy • Paying too much for big-ticket items • ‘postcode lottery’ for self-funders and those with contributions who may have to pay more for the same adaptation

B.1 Options Analysis for Delivery Model

Option	Benefits	Drawbacks
A: DFG service	• Relatively low-cost • Retained control of budget for local authorities • Strong trusted brand • Better use of staff resources • Knowledgeable, committed staff	• Needs a strong lead from within • Still not a fully integrated, holistic approach • Possible TUPE/redundancy issues • May not be seen as delivering sufficient benefits for effort required
B: Small Home Improvement Agency (HIA)	• Opportunity for technical officer, caseworkers and integrated OT service in one place • Future opportunities to develop as social enterprise • Some resilience from fluctuating demand in the system • Single system/database used • Eradicates issues with local authority recruitment (workforce recruited externally) • Less bureaucracy in decision-making • Improved customer experience including reduced waiting times for clients • Better use of staff resources and reduced revenue costs	• Cost of incorporating organisation • Still only a partially integrated, holistic approach • Possible TUPE/redundancy issues
C. Complete Home Improvement Agency (HIA)	• Opportunity for technical officer, caseworkers and integrated OT service and minor adaptations in one place • Opportunity to develop as social enterprise • Strong resilience from fluctuating demand in the system • Single system/database used • Improved customer experience including reduced waiting times for clients • Better use of staff resources and reduced revenue costs	• Cost of incorporating organisation • Possible TUPE/redundancy issues
D. Do nothing	• Effective service currently being delivered • Good contractual arrangements in place • Adult OT referrals have improved consistently • Open budget for legal charges • Districts top-up BCF budget • Good political buy-in • Added value – picking up on other needs • Knowledgeable, committed staff	• Missing out on opportunities to improve service and realise benefits • Current timescales across the whole chain • Lack of consistency between districts (variation in cost and response times) • Client support/agency work is varied • Process is complicated for vulnerable clients • Poor support for clients not eligible for DFG

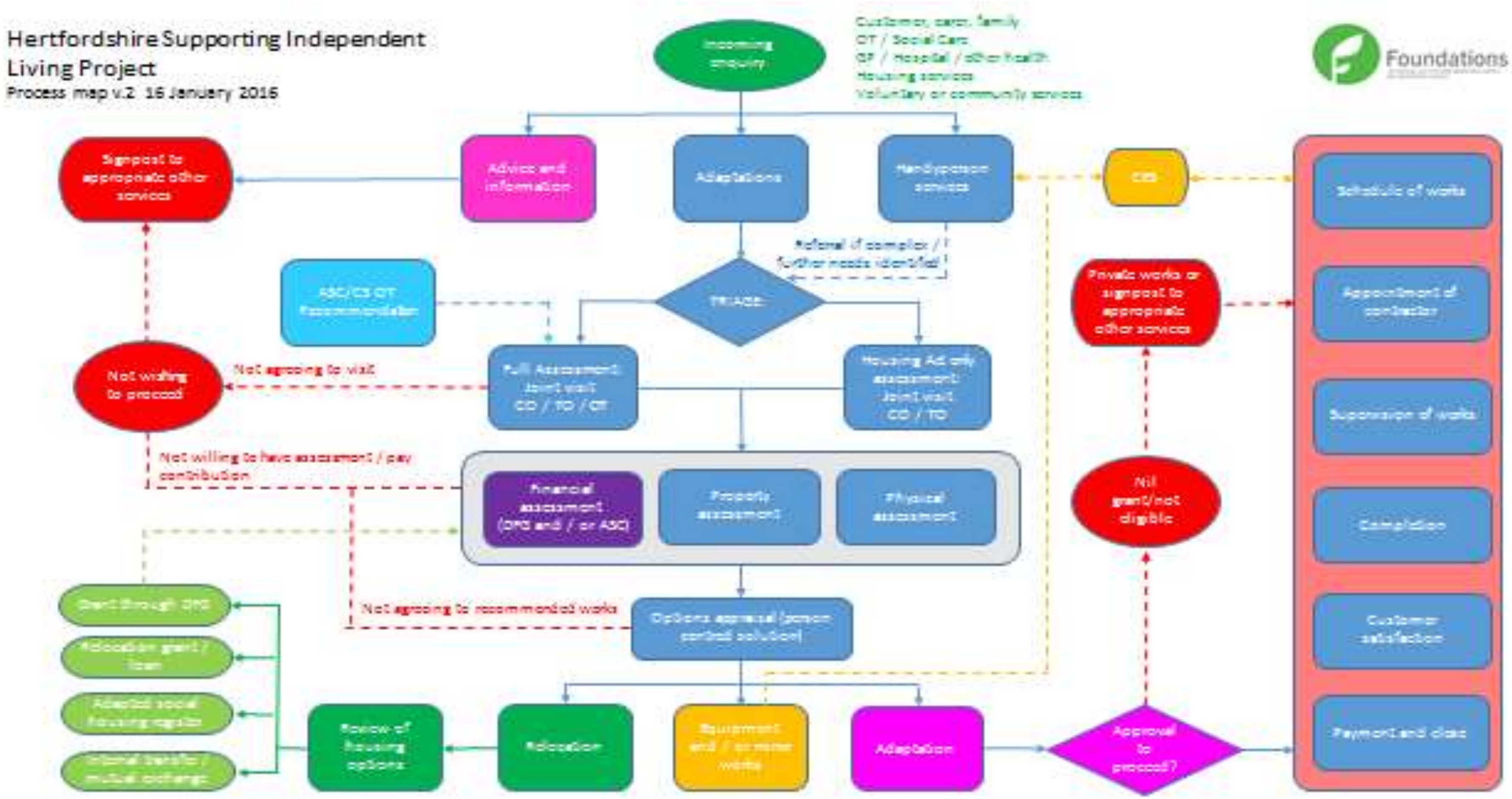
	• Strong trusted brand • Supports local business • Driven by need not profit • Stays local • No need to delegate grant paying powers	• Lack of promotion of DFG services • Lack of work with GPs to promote independent living • Lacking a single point of contact • Poor management of expectations initial assessment then OT closes the case • Lack of good housing advice at the start of the process • Lack of integration around the individual • No economies of scale • Lack of monitoring • Does not have a multi-channel view of independent living – more integration required for this • HES would continue to incur costs for contractor fees for minor adaptations work

B.2 Options Analysis for Delivery Approach

Option	Benefits	Drawbacks
A. Shared service model	• Greater resilience • Opportunity for caseworkers and integrated OT service • Not costly to set-up • Fits with Care Act 2014 • Future opportunities to develop as social enterprise • Driven by need not profit • Retained control of budget • Strong trusted brand • Stays local • More unified ownership of service/problem/budget • Single entity for range of outcomes and monitoring • Allows less interested LAs to still meet legal obligations vicariously • No need to delegate grant paying powers • Better use of staff resources • Knowledgeable, committed staff	• Could be complicated to set-up • Needs a strong lead from within • Still not a fully integrated, holistic approach • Possible TUPE/redundancy issues • Financial risk to LA managing shared staff if made redundant – to be flagged as shared risk if taken forward
B. Outsourcing to external contractor	• Cost effective approach, possible savings • Almost total resilience from fluctuating demand in the system • Good customer service with 'One-stop shop' approach • Commercial approach – becomes Trusted Trader for advice, home improvements and adaptations • Single system/database used • Eradicates issues with local authority recruitment (workforce recruited externally) • Less bureaucracy in decision-making	• Perceived loss of control/ local expertise and knowledge • Possible TUPE/redundancy issues • An outsourced service will only deliver to specification (only what is in the contract) • Political lack of will for contracted services • Private sector focus may lead to poor service for customers • Lack of access/control to external databases/data protection • Need for tight legal contact with provider • Different political groups across districts and different agendas • Governance arrangements • On-going financial stability of external agency • 3 - 5 year contracts could lead to disruption of service to customers when contracts come to an end, or a new provider is appointed

		• Local authority still responsible party if contractor fails to deliver • Possible implications for OTs such as clinical oversight, registration etc.
C. A local authority arms- length organisation managing the DFG and adaptation services across Hertfordshire	• Strong CCG/HCC influence • Buy-in from LAs • Standardised practice across the county • Resilience of capacity • History of this approach in the county with HILS • Better use of staff resources • Freedom to innovate • Opportunity to develop private work for able to pay market • Opportunity for caseworkers and integrated OT service • Driven by need not profit • Stays local • More unified ownership of service/problem/budget • Knowledgeable, committed staff	• Cost of incorporating organisation • Lack of support • Possible TUPE/redundancy issues

Appendix B Home Improvement Service Process Draft



Appendix C Home Improvement Service High Level Timeline

1. Initiation and Options
September - January 16

- **Project Initation Document**
- Data gathering with districts
- Initial In Scope / Out of Scope
- Appraise Options for Model Delivery and Procurement
- Develop Options paper
- CECG Sign-off

2. Outline Business Case
January - May 16

- **Outline Business Case**
- Define Vision & Objectives
- Define Scope
- Establish Baseline
- Quantify Cost & Benefits
- Identify Challenges, Risks & Issues
- Staff Briefings
- Equality Impact Assessment

3. Political Process
May 16-September 16

- **Sign-off Process**
- County Council sign-off processes
  - SMB 9th/23rd May
  - HCFO 12th May/2nd June
  - CECG 1st June
  - CLG 15th June
  - Cabinet 11th July
- District council sign-off processes

4. Procurement
April 16-October 16

- **Framework Agreement**
- Outline spec and PPME documentation
- PPME exercise
- Formal spec
- Out to tender
- Evaluate submissions
- Award contract

5. High-Level Solution Design
July- October 16

- **Service Design**
- Define New Service Structure & Job Roles
- Define Service Specification
- Define Governance/Legal Arrangements
- Define IT requirements
- Define Accommodation & Location preferences.
- Define Framework Agreement
- Define HR Requirements - Employment Model, Joint Consultation Approach etc
- Service Delivery Workshops
- Final Business Case (August)

6. Implementation
October - March 17

- **Implementation**
- Joint Staff Consultation
- Selection & Interview Process
- HIA Case Management System

7. Go Live - Shadow HIA Service
3rd April 2017

- **Go Live with the Shadow HIA Service - testing period**
- Inductions and team building
- Training
- Process Design and testing
- Business planning 2017/18
- Creating and testing reporting arrangements
- Define individual and team objectives

8. Go Live - formal launch of service
Sep 2017

- **Formal launch of HIA Service**
- Finalise and carry out individual and team objectives
- Determine ongoing training needs
- Finalise and carry out processes and reporting arrangements

Go/No-Go Decision Point

Appendix D