

# Housing Adaptations to Support Independent Living

Chief Executive's Co-ordination Group

## Essential Reference Paper "B"

**Title: Housing Adaptations to Support Independent Living**

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### 1. Executive Summary

The purpose of this paper is to update the Chief Executive's Co-ordination Group on the Housing Adaptations to Support Independent Living Project. Following the introduction of the Better Care Fund and the change in the way Disabled Facilities Grants are funded; an opportunity has arisen to review current ways of working.

There are two elements to the review:

a) A review of procurement options. This looks specifically at bringing better value and consistency to how the Disabled Facilities Grant works. The options are:

- Framework agreement
- Direct contract
- Do nothing

b) A review of the future of home and adaptation services; focusing on offering a more standardised and resilient service for Disabled Facilities Grant and adaptation service across the whole of Hertfordshire. The options for the delivery of the home and adaptations service are split between the delivery model and delivery approach:

#### Delivery Model:

- DFG Service
- Small Home Improvement Agency (HIA)
- Complete Home Improvement Agency (HIA)
- Do nothing

#### Delivery Approach:

- Shared service model
- Outsourcing to external contractor
- A local authority arms-length organisation managing the DFG and adaptation services across Hertfordshire

The Project Steering Group has recommended the following options to be developed into a detailed business case:

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Option A: Framework Agreement

Option B: Small Home Improvement Agency (HIA) (with a view to moving to Option C, Complete HIA, over a phased approach).

Option A: Shared Service

## 2. Background

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. Each Health and Wellbeing Board area agreed a local BCF plan which was co-created with the NHS and local authorities, and detailed how authorities can integrate more closely with the NHS to deliver better outcomes for Hertfordshire citizens.

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 radical funding change for DFG provides an ideal opportunity to consider how to integrate provision of help with home adaptations across housing, health and social care systems, especially as the BCF may not have the requirement to passport funds directly through to local authorities in the future.

In light of this change in funding stream, the district councils, in partnership with the County Council held a workshop in August 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.

This is a partnership review between the district and borough councils and the County Council. The governance arrangements include a Steering Group with representatives from each of the district and borough councils and a project group made up of two representatives from the local authorities, project management resource, a professional lead and an external subject matter expert.

The delivery of the DFG programme remains a mandatory and a statutory function of the local housing authority. The delivery of this function currently sits within the Housing Service. It is governed by the Housing Grants, Construction and Regeneration Act 1996.

The Care Act 2014 also stipulates that Hertfordshire County Council retains some social care duties in relation to the delivery of home adaptations. These include, for example, adult social care statutory requirements under the Care Act to assess the needs of the service user and carer, and to arrange for appropriate assistance to be provided.

Further to this 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

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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.

### 3. Purpose of the Project

The key objective of the project is to ensure that all individuals in Hertfordshire who need housing adaptations to support independent living will have access to an appropriate service that is accessible and equitable with transparency of delivery. The aim is that the service will run more efficiently, be more resilient and help local authorities deal with increased budget pressures.

Other objectives for the review include:

- Promoting access to a countywide adaptation service for eligible individuals (adults and children's services)
- Ensuring housing adaptations are value for money

The following are within scope of this project:

- To explore the options for service improvement for the delivery of adaptation services
- To improve ways of working across the county for housing adaptation services e.g. more joined-up service or shared services
- To review current schedule of rates and procurement processes for adaptation works
- To explore options for supporting individuals who self-fund and those receiving grants
- To align or incorporate housing Occupational Therapists to the service more effectively
- To ensure this project interfaces with other relevant projects e.g. Public Health

The following are outside the scope of this project:

- The Housing impacts on Health project
- The Fire and Rescue Service falls assessments project
- Review of the Hertfordshire Equipment Service (HES)
- Planning for other related services

### 4. Outcomes (Benefits) to be achieved

Measures of success for this project will focus on three main areas; District, Borough and County council benefits realisation, actual service benefits and outcomes for residents and the wider community:

- A resilient service able to deal with fluctuations of demand, and therefore accessible to those when needed
- Reduced cost per application

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- Meeting obligations as set out in the Care Act 2014
- Increased capacity through more efficient adaptation delivery
- One Stop Shop to provide range of options to customers with the aim of supporting independent living and potentially reducing the risk of hospital admissions or the need for other support services
- Shorter waiting times for eligibility response
- Increased customer satisfaction

### 5. Review of existing arrangements

#### Steering Group workshop

A workshop on 24<sup>th</sup> August included members of the Steering Group representing the district and borough councils to critique current DFG delivery methods.

The workshop discussed the current challenges faced by the DFG as follows:

- Encompassing demographic changes with increasing numbers within the private rented sector
- Financial environment and ability for district and borough councils to contribute to BCF.
- Currently different authorities operate varying approaches due to the difference in population needs, operational service design and staffing, and allocated budgets.
- Existing contractual commitments

The workshop also identified the following areas for improvement:

- Improved timescales in the whole service delivery chain
- Consistent service delivery across districts
- Greater awareness of DFG services
- Better skill-mixing across staffing structures
- A single point of contact
- Increased housing advice at the start of the process
- More coordinated care around the individual
- Robust monitoring arrangements

In light of this it was decided that a more in-depth review of DFG services would be needed, with designated project management support.

#### Review of grant spending

The total spending on DFG grants across Hertfordshire has been between £5m and £6m\* per year in recent years. Table 1 details the breakdown of BCF contribution between the district and borough councils for 2014/15:

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Table 1: BCF contribution and District/Borough top-up contribution for 2014/15

Hertfordshire	Capital BCF Contribution	District/Borough Contribution	Total
Broxbourne	£264,703	£512,265	£776,968
Dacorum	£366,287	£221,713	£588,000
East Hertfordshire	£293,127	£106,873	£400,000
Hertsmere	£295,128	£140,000	£435,128
North Hertfordshire	£360,498	£384,502	£745,000
St Albans	£290,563	£409,437	£700,000
Stevenage	£304,945	£145,055	£450,000
Three Rivers	£250,000	£300,000	£550,000
Watford	£243,000	£157,000	£400,000
Welwyn Hatfield	£316,100	£125,570	£441,670
<b>Total</b>	<b>£3,033,882</b>	<b>£2,740,150</b>	<b>£5,774,032</b>

The figures above do account for adaptations funded through housing revenue accounts. Registered housing providers also fund some adaptations, in some cases in full but more commonly by contributing a percentage towards the cost of works. In most cases, there are formal agreements in place setting out shared funding arrangements.

The current costs for the Minor Adaptations area budgets (for works up to £1000) are as follows:

## **EAST & NORTH HERTS**

Budget 140,681.00

The spend to date for 2014/15 for E&N Herts is £80,428.50

## **HERTS VALLEYS**

Budget 238,446.00

The spend to date for 2014/15 for Herts Valleys is £170,591.90

## Review of works undertaken

A review was taken of the existing arrangements across the County for DFG services. This included a review of the current costs for major works (such as stair lifts and level-access showers) and the staffing costs attributed to the DFG service.

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The mean average spend for a stair lift is £3,188 yet prices ranged from £1,600 to £5,200. The mean average spend for a level-access shower is £5,094 yet prices ranged from £3,281 to £13,721. The median costs are displayed in the table below:

**Table 2: Stair lift and level-access shower median cost for last 12 months**

Hertfordshire	Stair lift median cost	Level-access shower median cost
Authority A	£2094	£5375
Authority B	£2072	£5677
Authority C	£2107	£5275
Authority D	£4058	£4140
Authority E	£2898	£4098
Authority F	Breakdown of jobs not sent	Breakdown of jobs not sent
Authority G	Breakdown of jobs not sent	Breakdown of jobs not sent
Authority H	Breakdown of jobs not sent	Breakdown of jobs not sent
Authority I	Breakdown of jobs not sent	Breakdown of jobs not sent
Authority J	Breakdown of jobs not sent	Breakdown of jobs not sent

From reviewing Table 2 we can see that there is a significant range in costs between authorities. Therefore we can assume that there may be potential for financial savings from setting up a framework agreement. However, further work is required to accurately estimate the potential savings. In addition, it is expected that there would be significant time savings for local authorities from the simplification of the tendering process.

Appendix B gives a breakdown of the works undertaken and costs for stair lifts and level-access showers over a 12 month period. This is for the five authorities listed above.

### Review of staffing

A comparison analysis of current staffing costs was also undertaken. This included reviewing all authorities' staffing costs associated with the DFG service (Table 3). It was found that there was quite a large discrepancy between the different authorities and their staffing structures and the activity undertaken by those staff, which would be expected by differences in the way they have chosen to deliver the service.

The current staffing costs for delivering DFGs and number of applications received are broken down in Table 3:

**Table 3: Total staffing costs on DFG service**

Hertfordshire	Total staffing cost* (including on-costs)	No. of applications received
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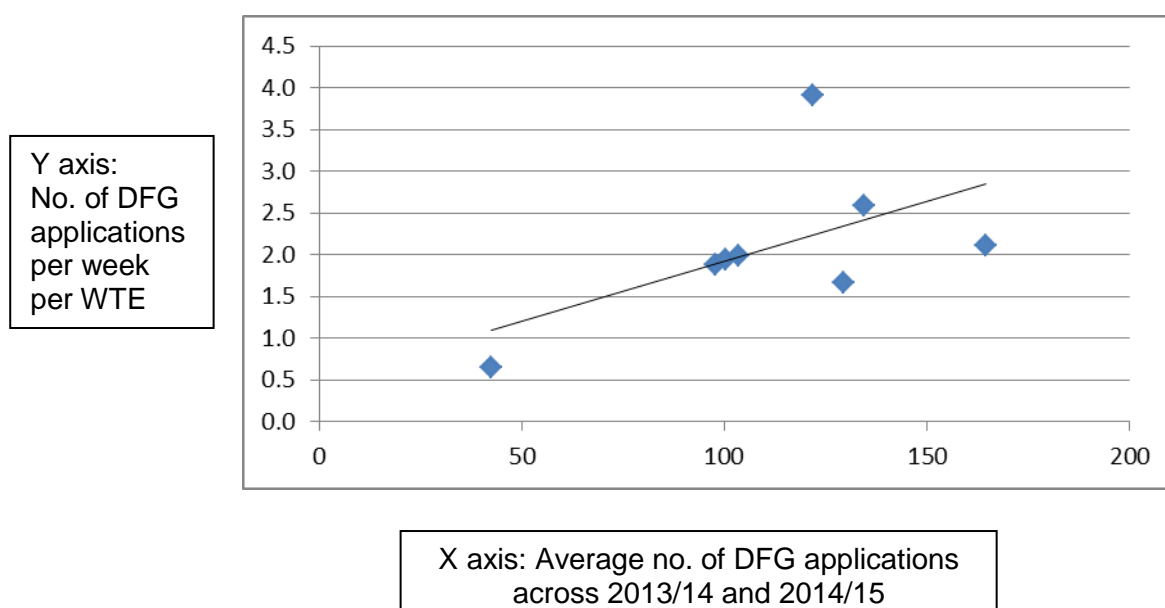
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	and overheads)	
Authority A	£72,681	121
Authority B	£64,004	118
Authority C	£95,390	92
Authority D	£26,880	Not received
Authority E	£49,181	111
Authority F	£69,969	104
Authority G	£35,223	161
Authority H	£46,457	37
Authority I	£116,000	89
Authority J	£48,508	96
<b>Total</b>	<b>£624,293</b>	<b>929</b>

\*costs are an estimate only

The current staffing costs for the Housing Occupational Therapy service, which is provided through the County Council's Shared Managed Services contract with Serco, are £804,403 approx. (including 18 x M1 staff with on-costs and overheads).

**Graph A: Average number of DFG applications across 2013/14 and 2014/15 vs. the number of DFG applications being processed per week per WTE by local authority staff**



From reviewing Graph A we can see that the efficiency of Technical Officers increases with the amount of activity, suggesting there are economies of scale opportunities.

There is also further potential to increase efficiencies through the consolidation of admin and management resource.

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Overall, from looking at the analysis undertaken there is a clear indication that there would be benefits to developing a detailed business case for this project.

### 6. Options Appraisal

The options appraisal is split into two; one for the procurement review and one for the future of home and adaptation services. The future of home and adaptation services section is then split into delivery model and Delivery approach.

There are a number of key factors that each option was measured against. The appraisal process considered how each option could most effectively deliver the following.

- the interests of customers and carers
- a more integrated service
- a quality service– safer and more tailored care
- a more transparent service
- a service that fits with the Care Act 2014 - future-proofing the service
- value for money – economies of scale, set-up costs, leverage
- a motivated workforce
- a centralised housing Occupational Therapy (OT) service
- business continuity/resilience
- speed of delivery for customers
- flexibility – allows business growth/fluctuations in the market
- resource needed (staffing)
- delegation/legal requirements/decision making options
- risks around liability and insurance
- Department of Health monitoring of DFGs from 2016/17
- HR and workforce impacts – pension costs, TUPE considerations/wage differentials/ terms and conditions
- accessibility to service/website information
- equality of service regardless of funding route
- local contractor involvement
- satisfies requirements outlined in the Social Value Act (2012)

#### 6.1 Procurement review:

Taking into account the key considerations for the review of costs/services above, the following three options were considered:

##### Option A: Framework agreement

Frameworks agreements for certain types of works have the potential to reduce prices and time handling costs. A framework involves a number of providers who have been chosen through a tendered procurement process. They are allocated work, usually working to a single priced schedule of rates\*, and are required to start



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the work within a set period of time. If they are not able to, it is allocated to a different provider within the framework. This allows for more resilience in labour availability, and results in good relationships with providers who come to understand the needs of vulnerable people better. A framework agreement does not bind a contracting authority to purchase goods, services or works. It sets out the terms and basis upon which contracts will be awarded in the future.

Stair lifts and level access showers adaptations are the two areas that would most obviously be suitable for framework agreements but other adaptations could be considered, and some frameworks cover the whole adaptation service.

\*A priced schedule of rates provides a fixed price for either a single job (for example, installing a level access shower for a fixed price regardless of the actual work involved), or a more nuanced schedule itemising individual elements of a job (for example, shower tray, floor covering, electrical shower installation, waste disposal etc.).

Ensuring that there is the flexibility for review of prices, to deal with fluctuations in the market, it would also mean that it is much easier to build-up a schedule of works and the price for this.

The time it will take to establish this is likely to be 6 months approximately (Summer 2016).\*

### **Option B: Direct contract**

A direct contract will be procured with single or multiple providers for a range of works at a set price. The contract will determine a minimum amount of work that the provider(s) will undertake. This does not allow fluctuation of prices based on market rate and therefore could be a risk to providers if prices increase and to HCC if prices decrease. The provider(s) will deliver on behalf of all local authorities as outlined in the specification, and will be set for a fixed period of time.

There will be a competitive procurement process undertaken at the outset until the contract is awarded to one or more providers.

This model will likely reduce handling and processing time and encourage strong relationships with providers however it does reduce flexibility of prices.

The time it will take to establish this is likely to be 6 months approximately. (Summer 2016).\*

\* Timescales to be confirmed once authorisation to proceed has been granted and implementation/mobilisation plan agreed.

### **Option C: Do nothing**

Currently across the county there is not a standardised approach for obtaining costs for works. Each local authority has a slightly different approach to this, with only one working with a schedule of rates from an external agency. The majority of authorities' tender out for works and obtain two or three quotations each time. Some

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operate with a fixed price document; some have an external agent who will obtain quotes or an internal Home Improvement Agency (HIA) set-up that will obtain the necessary quotes.

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Options table:

Option	Benefits	Drawbacks
<b>A. Framework agreement</b>	<ul style="list-style-type: none"> <li>• Potential to reduce costs and time associated with delivering works</li> <li>• Time-saving efficiencies related to administrative function and handling times</li> <li>• Ensures consistency and equity across districts signed up to it</li> <li>• Resilience of labour supply</li> <li>• Can support small providers (continuing stream of work, less time on admin and pricing, better procurement arrangements)</li> <li>• If frameworks are delivered independently to other organisational changes then benefits can be realised quickly</li> <li>• Can be used effectively with schedule of rates to improve cost and budgeting control</li> <li>• Not paying more than market value for works</li> <li>• Flexible for customers to choose preferred provider</li> <li>• Encourages competitive pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement procedure required</li> <li>• Will need to be reviewed regularly (at suitable intervals) to allow new entrants and release those who no longer want to participate without penalty</li> <li>• Time consuming to set up</li> <li>• Will need significant district/borough buy-in to make effective</li> <li>• Frequent review to ensure best value is achieved</li> <li>• Providers may not want to work on complex jobs where margins are small</li> </ul>
<b>B. Direct contract</b>	<ul style="list-style-type: none"> <li>• Potential to reduce costs and time associated with procurement</li> <li>• Time-saving efficiencies related to administrative function and handling times</li> <li>• Ensures consistency and equity across districts signed up to it</li> <li>• Resilience of labour supply</li> <li>• Develop partnership relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement procedure required</li> <li>• Could be paying more than market value for works</li> <li>• Provider may lose out if market value fluctuates</li> <li>• Time consuming to set up</li> <li>• Will need significant district/borough buy-in to make effective</li> <li>• Large, non-local providers are likely to win business</li> </ul>

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	<ul style="list-style-type: none"><li>• Greater savings from guaranteed work</li></ul>	<ul style="list-style-type: none"><li>• Less flexibility/viable options if provider is underperforming</li></ul>
<b>C. Do nothing</b>	<ul style="list-style-type: none"><li>• Good contractual arrangements in place</li><li>• Knowledgeable, committed staff</li><li>• Trusted brand</li><li>• Support local business</li></ul>	<ul style="list-style-type: none"><li>• Not a standardised approach to costs</li><li>• Time-consuming</li><li>• Admin-heavy</li><li>• Paying too much for big-ticket items</li><li>• 'postcode lottery' for self-funders and those with contributions who may have to pay more for the same adaptation</li></ul>

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## 6.2 Future of home and adaptation services:

The options for the delivery of the home and adaptations service are split between the delivery model and delivery approach. The three delivery model options outline the functions that the service could deliver. The three delivery approach options outline who could deliver the service.

The Chief Executive's Co-ordination Group is asked to consider both the delivery model and delivery approach options and provide a decision.

### Delivery Model

#### **Option A: DFG service (with technical officers and case workers)**

This service would offer a DFG service only (occupational therapy service would be separate), and therefore excluding any other home and adaptation ancillary services. This model could be set up with a minimum of 2-3 authorities signed up. See Appendix A for a detailed description of roles and responsibilities.

#### **Option B: Small Home Improvement Agency (HIA) (Full DFG service and occupational therapists)**

This service would be set up as a small HIA including a full DFG service and with an integrated occupational therapy function.

This model could be set up with a minimum of 5 authorities signed up.

See Appendix A for a detailed description of roles and responsibilities.

The occupational therapy service is currently embedded within the Serco contract. Extracting this may incur a financial penalty. We are in the process of clarifying exactly how much this would cost but it is likely to be between £40k and £241k (approx.).

There is a possibility of setting up the model without extracting the posts and then fully integrating the function once the contract expires, however this will involve discussion with the current provider.

#### **Option C: Complete Home Improvement Agency (HIA) (Full DFG service, occupational therapists and minor adaptations service)**

This service would be set up as a larger HIA including a full DFG service and with an integrated occupational therapy function and minor adaptations service. This would also include a handyperson/home repairs function.

This model could be set up with a minimum of 5 authorities signed up.

See Appendix A for a detailed description of roles and responsibilities.

The occupational therapy service is currently embedded within the Serco contract. Extracting this may incur a financial penalty. We are in the process of clarifying exactly how much this will cost but it is likely to be between £40k and £241k (approx.).

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There is a possibility of setting up the model without extracting the posts and then fully integrating the function once the contract expires, however this will involve discussion with the current provider.

We are currently quantifying the minor adaptations finance and delivery model.

### **Option D: Do nothing (*maintain current service arrangements*)**

The current service arrangements are delivering an effective DFG service at the present time and could be maintained as is. However, this would mean missing opportunities for potential benefits realisation and efficiency savings. The most commonly recurring issues appear to be lack of join-up between agencies (and therefore sharing of problems/issues/knowledge/skills), waiting times for adaptations and lack of resources.

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*Options table:*

Option	Benefits	Drawbacks
<b>A: DFG service</b>	<ul style="list-style-type: none"> <li>• Relatively low-cost</li> <li>• Retained control of budget for local authorities</li> <li>• Strong trusted brand</li> <li>• Better use of staff resources</li> <li>• Knowledgeable, committed staff</li> </ul>	<ul style="list-style-type: none"> <li>• Needs a strong lead from within</li> <li>• Still not a fully integrated, holistic approach</li> <li>• Possible TUPE/redundancy issues</li> <li>• May not be seen as delivering sufficient benefits for effort required</li> </ul>
<b>B: Small Home Improvement Agency (HIA)</b>	<ul style="list-style-type: none"> <li>• Opportunity for technical officer, caseworkers and integrated OT service in one place</li> <li>• Future opportunities to develop as social enterprise</li> <li>• Some resilience from fluctuating demand in the system</li> <li>• Single system/database used</li> <li>• Eradicates issues with local authority recruitment (workforce recruited externally)</li> <li>• Less bureaucracy in decision-making</li> <li>• Improved customer experience including reduced waiting times for clients</li> <li>• Better use of staff resources and reduced revenue costs</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of incorporating organisation</li> <li>• Still only a partially integrated, holistic approach</li> <li>• Possible TUPE/redundancy issues</li> </ul>
<b>C. Complete Home Improvement Agency (HIA)</b>	<ul style="list-style-type: none"> <li>• Opportunity for technical officer, caseworkers and integrated OT service and minor adaptations in one place</li> <li>• Opportunity to develop as social enterprise</li> <li>• Strong resilience from fluctuating demand in the</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of incorporating organisation</li> <li>• Possible TUPE/redundancy issues</li> </ul>

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	<p>system</p> <ul style="list-style-type: none"> <li>• Single system/database used</li> <li>• Improved customer experience including reduced waiting times for clients</li> <li>• Better use of staff resources and reduced revenue costs</li> </ul>	
<p><b>D. Do nothing</b></p>	<ul style="list-style-type: none"> <li>• Effective service currently being delivered</li> <li>• Good contractual arrangements in place</li> <li>• Adult OT referrals have improved consistently</li> <li>• Open budget for legal charges</li> <li>• Districts top-up BCF budget</li> <li>• Good political buy-in</li> <li>• Added value – picking up on other needs</li> <li>• Knowledgeable, committed staff</li> <li>• Strong trusted brand</li> <li>• Supports local business</li> <li>• Driven by need not profit</li> <li>• Stays local</li> <li>• No need to delegate grant paying powers</li> </ul>	<ul style="list-style-type: none"> <li>• Missing out on opportunities to improve service and realise benefits</li> <li>• Current timescales across the whole chain</li> <li>• Lack of consistency between districts (variation in cost and response times)</li> <li>• Client support/agency work is varied</li> <li>• Process is complicated for vulnerable clients</li> <li>• Poor support for clients not eligible for DFG</li> <li>• Lack of promotion of DFG services</li> <li>• Lack of work with GPs to promote independent living</li> <li>• Lacking a single point of contact</li> <li>• Poor management of expectations initial assessment then OT closes the case</li> <li>• Lack of good housing advice at the start of the process</li> <li>• Lack of integration around the individual</li> <li>• No economies of scale</li> <li>• Lack of monitoring</li> <li>• Does not have a multi-channel view of independent living – more integration required for this</li> <li>• HES would continue to incur costs for contractor fees for minor adaptations work</li> </ul>



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## Delivery Approach

### **Option A: Shared service model**

There are a number of ways of approaching the shared service model. A shared service can provide greater resilience for service delivery for authorities, particularly those who have less DFG resource. This model also allows for dedicated case workers within the service and makes it easier to integrate housing OT services. A shared service would also fit with integrating Health and Social Care services ethos set out by the Care Act 2014.

The different approaches that a shared service model could follow are either two or more authorities working as an internal Home Improvement Agency (HIA), as seen with Cambridge HIA, or two or more authorities working as a HIA with an integrated OT service. This model operates with technical staff, occupational therapists and caseworkers. This is the model that Norfolk adopted but would be on a cross authority basis in Hertfordshire.

The model would operate with a lead authority and an example of this would be the Shared Internal Audit Services (SIAS) model.

The time it will take to establish this is likely to be 18 months approximately (April 2017).\*

### **Option B: Outsourcing to external contractor**

An arrangement with an external HIA can be for a full DFG start to finish service, including OT assessment; a district-only DFG service (i.e. from OT referral) including technical/surveyor and caseworker services; just technical work; or caseworker only (information and advice). External HIAs are usually able to trade and are flexible in terms of other activities which can add value to the adaptations service.

An external organisation would need to be chosen through competitive tender, and a clear specification would need to be agreed. Contracts are usually for three to five years, sometimes with an option to extend to reduce customer service disruption.

Outsourcing a DFG function to an external agent or HIA has been seen in neighbouring areas, namely Southend on Sea and more locally in Welwyn Hatfield.

Statutory duties cannot be delegated, so the authorities would still be responsible for the payment of grant and be liable for breakdowns in service. Although arrangements for an external HIA to do grant calculations and make payments on behalf of the authorities can be made, it would require audit and other controls to be in place to ensure due diligence.

The time it will take to establish this is likely to be 18 months approximately (April 2017).\*

### **Option C: A local authority arms- length organisation managing the DFG and adaptation services across Hertfordshire**

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An arms-length organisation acting as an HIA can bridge the gap between a shared service and an external HIA. It would be owned by the councils, and would retain links with the corporate objectives of the councils, but would be able to trade as a separate entity. It would require delegated powers to calculate grant and make payments on behalf of the local authorities.

Any income generated through private works and fee income would be retained by the organisation, and used to help fund the service, although some funding may be required from the authorities until such time as it could become self-sufficient. It would operate on a not-for-profit basis, using mandatory grant allocations from BCF and discretionary funding where available to deliver services, and generating income to meet staff and overhead costs.

There are several models that could be used, and analysis would be needed to ascertain the best business model for service delivery. . It is also possible that a Shared service model (Option A) could evolve into this at a later stage.

The time it will take to establish this is likely to be 24 months approximately (October 2017).\*

\* Timescales to be confirmed once authorisation to proceed has been granted and implementation/mobilisation plan agreed.

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*Options table:*

Option	Benefits	Drawbacks
<b>A. Shared service model</b>	<ul style="list-style-type: none"> <li>• Greater resilience</li> <li>• Opportunity for caseworkers and integrated OT service</li> <li>• Not costly to set-up</li> <li>• Fits with Care Act 2014</li> <li>• Future opportunities to develop as social enterprise</li> <li>• Driven by need not profit</li> <li>• Retained control of budget</li> <li>• Strong trusted brand</li> <li>• Stays local</li> <li>• More unified ownership of service/problem/budget</li> <li>• Single entity for range of outcomes and monitoring</li> <li>• Allows less interested LAs to still meet legal obligations vicariously</li> <li>• No need to delegate grant paying powers</li> <li>• Better use of staff resources</li> <li>• Knowledgeable, committed staff</li> </ul>	<ul style="list-style-type: none"> <li>• Could be complicated to set-up</li> <li>• Needs a strong lead from within</li> <li>• Still not a fully integrated, holistic approach</li> <li>• Possible TUPE/redundancy issues</li> <li>• Financial risk to LA managing shared staff if made redundant – to be flagged as shared risk if taken forward</li> </ul>
<b>B. Outsourcing to external contractor</b>	<ul style="list-style-type: none"> <li>• Cost effective approach, possible savings</li> <li>• Almost total resilience from fluctuating demand in the system</li> <li>• Good customer service with 'One-stop shop' approach</li> <li>• Commercial approach – becomes Trusted Trader for advice, home improvements and adaptations</li> <li>• Single system/database used</li> </ul>	<ul style="list-style-type: none"> <li>• Perceived loss of control/ local expertise and knowledge</li> <li>• Possible TUPE/redundancy issues</li> <li>• An outsourced service will only deliver to specification (only what is in the contract)</li> <li>• Political lack of will for contracted services</li> <li>• Private sector focus may lead to poor service for customers</li> </ul>

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	<ul style="list-style-type: none"> <li>• Eradicates issues with local authority recruitment (workforce recruited externally)</li> <li>• Less bureaucracy in decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of access/control to external databases/data protection</li> <li>• Need for tight legal contact with provider</li> <li>• Different political groups across districts and different agendas</li> <li>• Governance arrangements</li> <li>• On-going financial stability of external agency</li> <li>• 3 - 5 year contracts could lead to disruption of service to customers when contracts come to an end, or a new provider is appointed</li> <li>• Local authority still responsible party if contractor fails to deliver</li> <li>• Possible implications for OTs such as clinical oversight, registration etc.</li> </ul>
<p><b>C. A local authority arms-length organisation managing the DFG and adaptation services across Hertfordshire</b></p>	<ul style="list-style-type: none"> <li>• Strong CCG/HCC influence</li> <li>• Buy-in from LAs</li> <li>• Standardised practice across the county</li> <li>• Resilience of capacity</li> <li>• History of this approach in the county with HILS</li> <li>• Better use of staff resources</li> <li>• Freedom to innovate</li> <li>• Opportunity to develop private work for able to pay market</li> <li>• Opportunity for caseworkers and integrated OT service</li> <li>• Driven by need not profit</li> <li>• Stays local</li> <li>• More unified ownership of service/problem/budget</li> </ul> <p>Knowledgeable, committed staff</p>	<ul style="list-style-type: none"> <li>• Cost of incorporating organisation</li> <li>• Lack of support</li> <li>• Possible TUPE/redundancy issues</li> </ul>

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It is worth noting that we would still recommend action even if there are no expected financial savings to be made from the service review and/or implementing a new model. Savings will differ depending on the final staffing levels attributed to the chosen model.

As mentioned above, the DFG service could include a combination of some, or a range of roles. An outline of the job role and duties for each of these roles is included in Appendix A.

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## 7. Recommendations

The Steering Group meeting made up of seven out of ten local authorities, discussed and took a thorough analysis of the information provided in this report and found a consensus on the options. The session was facilitated by Foundations. The subsequent preferred options provide a steer for the future business case.

Taking into account all of the above, the Board is recommended to endorse the following preferred options:

- Option A\*, Framework Agreement proposition for the Procurement Review
- Option B\*, Small Home Improvement Agency (HIA) model for the Delivery Model
- Option A\*, Shared Service model for Delivery Approach, for the future of home and adaptation services review

\*It is important to note that:

- for the framework agreement, this is set up in such a way to encourage social value, rather than just value for money. It must also be set-up in a way as not to exclude smaller, local contractors.
- for the Delivery Model although Option B has been recommended this is with a view to moving to Option C, Complete HIA, developed over a fixed timescale. The further development of this will be funded using efficiency savings and income generated in order to keep costs neutral where possible.
- for the Delivery Approach, Option A has been recommended with the set-up as an internal HIA, with an option to consider moving to Option C, Arm's-length organisation at a later date.

## 8. Investment Required

There are also costs for a dedicated project manager resource of approximately £57,930 (including on-costs for a 4-day week) across 18 months. This is covered by The Better Care Fund.

There are further undetermined costs including associated procurement costs e.g. lawyers, accountants and on-going staff roles to implement new model. These will be explored in greater detail once options have been chosen.

Potential to explore the option of employing a technical expert to undertake analysis of framework costs and works.

## 9. Risks

Key project risks:

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- New approach is not implemented in time to make adequate savings
- Existing variability in approach and provision
- Children's Services OT arrangements to be factored in
- Framework agreement cost could end up being more than what organisation are currently paying
- Housing OTs are part of the current Serco contract which runs for another three years; could be expensive or problematic to novate
- Potential redundancy costs if staffing posts are reduced as part of new service model
- If outsourcing model is chosen then there could be implications for OTs such as clinical oversight, registration etc.

### 10. Future Opportunities

There are other options for the DFG service that are not ready to be considered at the present time but could be viable options in the future. These include

- A Health focussed model as demonstrated by Manchester Care and Repair model. This is an independent HIA registered as a charity, and CCG funded. One strand of the model operates with a Care and Repair worker in the hospital to aid with discharges. The other strand concentrates on over 60s discharged from the local general hospital that are then offered rapid home care the same day.
- Capturing synergies with The Fire and Rescue Service and other services providing housing service.

<b>Appendix A – Potential roles and responsibilities</b>
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<b>Appendix B – Breakdown of works over 12 month period</b>
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Appendices omitted