

TITLE OF REPORT : PROPOSAL TO SET UP A COUNTY WIDE HOME IMPROVEMENT AGENCY SERVICE IN HERTFORDSHIRE

REPORT OF THE HEAD OF HOUSING AND PUBLIC PROTECTION AND THE HEAD OF HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBERS COUNCILLORS: B J LOVEWELL AND T W HONE

1. SUMMARY

- 1.1 On 27 September 2017, Cabinet received a report concerning a proposal to establish a county-wide Home Improvement Agency (HIA) service to help elderly and vulnerable persons to live more independently and safely at home. Cabinet resolved, in principle, to explore a shared service and authorised the Head of Housing and Public Protection, in consultation with the Executive Member for Housing and Environmental Health, to contribute to the development of such a service subject to final sign-off by Cabinet. These were to include appropriate safeguards to ensure that the Council's financial contributions to any collaborative delivery model were ring-fenced to North Hertfordshire residents.
- 1.2 This report updates Cabinet on the work that has been undertaken over the last few months regarding this project and to seek delegated authority to formally proceed with the establishment of the Hertfordshire Home Improvement Agency (HHIA).

2. RECOMMENDATIONS

- 2.1 That Cabinet authorises the Council to enter into a Partnership Agreement to establish a shared Hertfordshire Home Improvement Agency Service (HHIA), such HHIA Partnership Agreement to be in a form agreed by the Corporate Legal Manager/Monitoring Officer or his deputy.
- 2.2 That Cabinet delegates authority to Hertfordshire County Council (HCC) to discharge other functions relating to the implementation of the HHIA Partnership Agreement.
- 2.2 That the Head of Housing & Public Protection, or his nominated deputy, be delegated the power to represent the Council on the HHIA Governance Board.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To enable the Council to participate in the Hertfordshire Home Improvement Agency shared service.
- 3.2 The delegation in recommendation 2.2 to HCC is required so that HCC can exercise an executive function on NHDC's behalf.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The main alternative to this proposal is to continue the existing arrangements but residents would not benefit from the quicker, more integrated, and more efficient service that the proposed arrangements will provide. The HHIA will also provide a sound platform to engage with the NHS, Department of Health, Director of Public Health, social housing providers, etc., as regards wider service integration, innovation, and access to investment.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation has been undertaken with residents across the County who have had their adaptations undertaken under the current arrangements in order to establish areas for potential improvement. Their comments have been taken into account without the service design considerations of the HHIA in order to ensure that high levels of customer satisfaction can be achieved.
- 5.2 A meeting for Elected Members of authorities interested in participating in the HHIA was held in February 2017. The aims and objectives of the proposed service were explored together with its operating and financial models. This Council's Executive Member for Housing and Environmental Health, Cllr Lovewell, was in attendance. There was general support for the establishment of the HHIA.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a Key Decision that was first notified to the public in the Forward Plan on 4 November 2016.

7. BACKGROUND

- 7.1 Central government has made it clear that it expect councils (unitary and those in upper/lower tier areas) to work together to use DFG capital funding more flexibly to help more people stay out of residential care and to reduce pressure on the NHS. The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 permits councils to use DFG funding in imaginative ways to support the independent living aspirations of residents and the HHIA will enable these opportunities to be explored in a practical way.
- 7.2 The background to the home improvement agency proposal was set out in the report to Cabinet on 27 September 2016. In summary, the proposed service seeks to align the occupational therapy and technical elements of the process of delivering adaptations to provide better solutions for residents and to help more vulnerable people in Hertfordshire stay safe and well at home. It will also improve the efficiency, flexibility, and cost effectiveness for the project's partners.

8. HERTFORDSHIRE HOME IMPROVEMENT AGENCY

- 8.1 In September 2016 Cabinet resolved an in-principle agreement for the Council to explore participation in a county-wide HIA; other councils were also seeking similar authority at that time. As a result, the HHIA is expected to initially comprise of the following councils: North Hertfordshire District Council, Hertfordshire County Council, East Herts District Council, Broxbourne

Borough Council, and Watford Borough Council. It is anticipated that Stevenage Borough Council will join in April 2018.

- 8.2 After Cabinet's resolution in September 2016, a number of project task and finish groups were established to develop the service: governance, procurement, service delivery, IT and data management, accommodation, HR, finance, and communications and promotion. All partner authorities have participated in those groups.
- 8.3 The governance and finance work streams were considered to be the most critical elements to address in the first instance. Cabinet's resolution mandated that the HHIA's service arrangements should include appropriate safeguards to ensure that the Council's financial contributions to any collaborative delivery model are ring-fenced to North Hertfordshire residents. Other authorities had similar requirements and this has been addressed in the Partnership Agreement. The business case presented as part of the Cabinet report in September 2016 has been significantly revised, overseen by the Hertfordshire Chief Finance Officers Group (HCFOG) (see Appendix 1). Detailed comments on the Partnership Agreement, financial, and other considerations are detailed below.

Partnership Agreement

- 8.4 The HHIA will be governed through a formal Partnership Agreement. This Agreement has been developed by a task group made up of senior managers from each of the Partners, with the County Council lawyer as the legal lead on this issue. The key features of the Agreement are summarised below:
- 8.4.1 The formal delegation of executive powers from this Council to Hertfordshire County Council thereby allowing the HIA to undertake activities, principally the processing of DFG applications and their determination, on behalf of NHDC and the other participating district/borough councils.
- 8.4.2 An HIA Governance Board will be formed, which will meet at least quarterly, and will be made up of senior officers from each of the partner councils. This will have responsibility for ensuring that the service is complying with the agreed specification, oversee service development, and to provide strategic direction. The Partnership Agreement sets out the agreed voting mechanism for decision making (universal agreement will be required for service plan and budget setting, new entrants to the HHIA and its dissolution).
- 8.4.3 The HHIA is planned to commence its service in Autumn 2017 but with the Board and governance arrangements working in shadow form from April 2017.
- 8.4.4 A Member Reference Panel (formal title subject to agreement) will provide an opportunity for the Executive Members of the participating councils to be briefed on the progress of the HHIA.
- 8.4.5 The provisions of the Agreement will also include financial monitoring and reporting arrangements, treatment of income from fees, client contributions, and other sources of funding and budgeting requirements. The HCFOG requested that a Statement of Accounts is prepared on a quarterly basis setting out how grant is being allocated and spent per district to measure and

assure Partners that grant funding which has been allocated to each district is being spent on services for *their* residents.

- 8.4.6 Should a new council wish to participate in the HHIA, it will be required to sign a memorandum committing it to the principles of the Partnership. Any new partner will be expected to make a contribution to the costs of establishing the HIA and any additional costs incurred by their participation. Partners who wish to leave the Partnership may do so after the HIA has been operating for three years, and may also be required to pay for any costs or other liabilities that may arise from them leaving.
- 8.4.7 HCC, as host authority, will hold all relevant insurances associated with the HIA's work. However, in the very unlikely event of an insurance claim (NHDC has not entertained such a claim in the last decade) the partners will contribute to any insurance excess. This approach is consistent with other partnership models that the Council has entered into.
- 8.4.8 Any complaints in respect of the HIA shall be dealt with by the HCC Head of Service, in accordance with Hertfordshire County Council's Complaints procedures.
- 8.5 Once the new service has launched, a review of the Council's Private Sector Renewals Policy will be undertaken and a report will be brought back to Cabinet to reflect the new arrangements *et al.*

9. LEGAL IMPLICATIONS

- 9.1 Under the Local Government Act 2000 / The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, executive functions may be discharged by another relevant executive of another authority, and the other authority may arrange for discharge of any of those functions by one of their Committees, Sub-Committees or officers.
- 9.2 The Cabinet resolved on 27 September 2016 to consider and approve the final arrangements. As per the legal implication of 27 September 2016, Legal Governance and procurement arrangements are to be explored and finalised with NHDC legal consideration. Recommendation 2.1 reflects the comparable Contract Procurement Rule of the Partnership being in a form acceptable to the Corporate Legal Manager/ Monitoring Officer.
- 9.3 Cabinet's terms of reference include at 5.6.11 to "To approve those major service developments or reductions which also constitute Key Decisions" and at 5.6.24 "To promote and develop external partnerships to meet strategic objectives."

10. FINANCIAL IMPLICATIONS

- 10.1 The Council has maintained a capital *budget* of £745,000 pa for the last three years to support Disabled Facilities Grants (although expenditure in 2016/17 is likely to be significantly less at around £500,000). The Government's capital assistance towards these DFGs was £286,000 in 2014/15, increasing in 2015/16 to £360,000. This increased significantly again in 2016/17 to approximately £653,000. A further increase is expected in 2017/18 in light of the importance that the Government attaches to this area. This increase is expected to equal or exceed the Council's historic budgetary provision for

DFGs – accordingly, the Council need not invest its own capital resources in order to support local home adaptations going forward.

- 10.2 Partners have provisionally agreed, via the Partnership Agreement, that Capital Grant for DFG from central government, which is now a component of the Better Care Fund (BCF), will be transferred directly to the HIA to expedite its operation. Any underspend will be rolled forward for use in the following year.
- 10.3 The HHIA is designed to be self-funding, i.e. the costs of its operation being largely met from the Government's capital grant. In practice, this will be delivered by a percentage fee of around 10 per cent of the cost of works for its services, which will be met primarily through the grant and therefore will not impact on the majority of applicants. The HIA is not expecting to make a profit or trade commercially, seeking only to cover its operating costs. Some staff costs are able to be capitalised from the increased grant allocation and this approach has been agreed by the County Council's external auditors. The funding approach for the HIA is similar to the Council's current arrangements, with the capital grant being used to cover most staffing costs and the service fees for the Council's external agent who assists applicants in planning and carrying out adaptation works. Additionally, any client contributions to the costs of works (as determined by the mandatory means test) will be recycled into the HHIA to reduce the costs of its operation. It is expected that in due course, that the HIA will develop other income streams which would enable it to reduce the percentage fee that it charges.
- 10.4 Set up costs for the HHIA are being refined, but the Business Case currently has provision for £76,000 which will be shared equally between the partners (i.e. the Council's anticipated contribution is approximately £14,000). It is expected that this can be covered by existing budgets.
- 10.5 There is expected to be a small revenue shortfall of £19,000 pa (£9,000 in 2017/18 due to the operational commencement of the HHIA in September 2017) between the Council's current arrangements and funding model of the HHIA. The Housing and Public Protection Service will identify ways of eliminating this deficit over the next 12 months having regard to new statutory duties that the Council is expected to receive in this period.

11. RISK IMPLICATIONS

- 11.1 The principal challenges to the successful launch, and subsequent operation, of a county-wide HIA are summarised below:
 - insufficient councils wish to participate in the HIA, thereby making it financially unviable
 - any HIA, if established, has insufficient resources to deliver an effective service
 - ensuring that resources are maintained in the medium term to allow the service to establish itself
 - one or more participating authorities opt to cease their involvement in the HIA service in the first few years of its operation
 - that the service is unable to generate projected fee income

- 11.2 If these issues did a rise and the HIA was not in a position to commence or continue, the Council would need to maintain or re-instate its existing in-house service in order to minimise the impact on residents. However, the Project Team working on the service design has a risk log which is regularly reviewed to ensure that, as far as possible, risks are managed. Authorities have been asked, through the Partnership Agreement, to commit to supporting the service to establish itself over the next 3 years following a service launch.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 An equalities assessment analysis was attached to the report to Cabinet on 27 September 2017 and is still considered to be current. This assessment indicates that the proposed service will have a positive impact by improving the service for disabled and elderly people who need adaptations to continue to live independently.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.
- 13.2 Any procurement exercises undertaken by Hertfordshire County Council on behalf of the HHIA will have regard to the Act.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The Council currently retains approximately 0.6 FTE of officer time to support the delivery of DFGs. However, it is not envisaged that any staff will transfer to HHIA as no one officer's workload is focused on this work. However, there may be a reassignment of officer duties so that the deficit cited in 10.5, above, is removed. Staff are being kept updated with the details of the project and how it may impact on them.

15. APPENDICES

- 15.1 Appendix 1 – Business Case.

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17. BACKGROUND PAPERS

- 17.1 Cabinet report dated 27 September 2016 item 67
[PROPOSAL TO SET UP A COUNTY WIDE HOME IMPROVEMENT AGENCY SERVICE IN HERTFORDSHIRE](#)

Appendix 1

Hertfordshire Shared Home Improvement Agency (HIA)

Final Business Case

January 2017

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APPENDICES

Appendix A	Options Analysis
Appendix B	Home Improvement Service Process Draft
Appendix C	High Level Timeline
Appendix D	List of Tables and Figures

Relevant papers available on request
Shared Home Improvement Agency Function - Options Paper <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Presented to HCFO in May 2016

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Updated to include Welwyn Hatfield and to include some revised figures from other districts	23/01/2017	4	Draft

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.

Costings have been carried out for a small group of six authorities which have indicated a significant interest in progressing with the shared service, with a further authority presented as joining in Year Two.

Table 1: Representation of authorities

Year One Six authorities	Year Two Seven authorities
<ul style="list-style-type: none">• Broxbourne Borough Council (BBC)• East Herts Council (EHC)• Hertfordshire County Council (HCC)• North Hertfordshire District Council• Watford Borough Council (WBC)• Welwyn Hatfield Borough Council (WHBC)	<ul style="list-style-type: none">• Broxbourne Borough Council (BBC)• East Herts Council (EHC)• Hertfordshire County Council (HCC)• North Hertfordshire District Council (NHDC)• Stevenage Borough Council (SBC)• Watford Borough Council (WBC)• Welwyn Hatfield Borough Council (WHBC)

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 all Hertfordshire district 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	111	66	113	82	50	70	80	94	111	123	900
Disabled Facilities Spend	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	561	668	497	517	655	771	930	512	497	565	6,173
Agency fee income	0	(35)	0	0	(50)	0	0	0	0	0	(85)
Net cost of service	561	634	497	517	605	771	930	512	497	565	6,088
Funded by											
Grant	(314)	(366)	(293)	(295)	(360)	(291)	(305)	(250)	(279)	(316)	(3,070)
Revenue resources	(56)	(32)	(113)	(82)	(12)	(70)	(80)	0	(36)	(123)	(604)
HRA resources (revenue and capital)	0	0	0	0	0	0	(500)	0	0	0	(500)
Other capital financing (usually capital receipts)	(191)	(236)	(90)	(140)	(232)	(409)	(45)	(262)	(183)	(126)	(1,914)
Total financing	(561)	(634)	(497)	(517)	(605)	(771)	(930)	(512)	(497)	(565)	(6,088)

Notes

- Baseline figures have been investigated thoroughly since the outline business case and updated where appropriate; the most significant changes are that running costs have been amended from £539k to an increased figure of £900k. 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 and St Albans did not respond to the request for updated and verified information, therefore, the original information received has been used.
- Client contributions have been excluded as there was inconsistent interpretation and treatment of these among districts essentially rendering them non-comparable.

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	Hertfordshire Total
	£000s	Total £000s	£000s
Running Costs	800	900	1,700
Disabled Facilities	559	4,773	5,332
HRA adaptations	0	500	500
Gross cost of service	1,359	6,173	7,532
Agency fee income	0	(85)	(85)
Net cost of service	1,359	6,088	7,447
Funded by			
Grant	0	(3,070)	(3,070)
Revenue resources	(1,359)	(604)	(1,963)
HRA resources (revenue and capital)	0	(500)	(500)
Other capital financing (usually capital receipts)	0	(1,914)	(1,914)
Total financing	(1,359)	(6,088)	(7,447)

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.
- 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
	£000s
HIA Service staffing	386
OT Service	671
HIA Service costs and overheads	51
Total running costs	1,108

Table 5 and 6: Revenue and Capital Impact per Authority

Table 5.1: YEAR ONE: Six Authorities (5 Districts plus HCC) - Revenue Impact

	BBC	EHC	NHDC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	85	72	114	73	83	426
Capitalisable staffing costs	(31)	(27)	(42)	(27)	(31)	(158)
Net revenue cost of service	53	45	72	46	52	269
Current revenue budget for DFG	56	113	12	36	123	341
Residual costs in district i.e. non-cashable savings	55	48	31	36	111	280
Extra revenue budget required for shared service	52	(20)	90	46	40	208
Fee income at 10% of DFG spend	(45)	(38)	(60)	(39)	(44)	(227)
Extra revenue budget required if charge fee income	7	(58)	30	7	(5)	(19)
Pooling of fee income to generate revenue neutral position for each authority	-	-	-	-	-	(19)

- The revenue running costs for each authority have been apportioned based on current levels of DFG spend.
- HCC fully funds the OT service and pays a proportionate amount towards the Head of Service salary costs. HCC has not been included in the table as it does not take a share of fee income.
- 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.
- The revenue cost of the shared service has been compared to each district’s current revenue budget for DFG taking into account residual costs. Districts would be expected to contribute a maximum revenue amount of their current revenue budget for DFG less residual costs to the shared service.

- 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. For the shared service to break even in Year One, fee income of 10% would need to be charged, as shown above.
- This assumes a pooling of fee income in order to generate a revenue neutral position for each district, as agreed at the Hertfordshire Chief Financial Officers' meeting in December.
- The expectation is that fee income received may negate the need to ask districts for their revenue contribution, and a decision would be taken towards the end of the financial year based on performance of the shared service. If fee income at 10% was charged and the same number of adaptations were carried out as in previous years, no revenue contribution would need to be asked for, as shown in the table above.
- The aim is that the shared service will be able to carry out significantly more adaptations than currently, and therefore, the table reflects the worst case scenario, which still enables the shared service to break even, without having to ask for revenue contributions.

Table 5.2: YEAR TWO: Seven Authorities (Six Districts plus HCC) – Revenue Impact

	BBC	EHC	NHDC	SBC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	74	63	99	57	63	72	428
Capitalisable costs	(27)	(23)	(37)	(21)	(23)	(27)	(158)
Net revenue cost of service	46	40	62	36	40	46	270
Fee income at 10.5% of DFG spend	(47)	(40)	(64)	(37)	(41)	(46)	(275)
Extra revenue budget required if charge fee income	(1)	(1)	(1)	(1)	(1)	(1)	(5)

- In Year Two, districts would not be asked to contribute their current revenue budget less residual costs – the shared service would be expected to break even using fee income alone.
- A fee level of 10.5% assuming the same number of adaptations being carried out as currently would enable this.

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 (5 Districts Plus HCC)

	BBC	EHC	NHDC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	450	384	605	386	442	2,267
District capital contribution	(191)	(90)	(232)	(183)	(126)	(822)
Increased DFG grant 16/17	(577)	(530)	(654)	(523)	(592)	(2,876)
Extra capital money available	(318)	(237)	(281)	(319)	(276)	(1,431)

Table 6.2: Seven Authority Model – Capital Impact

	BBC	EHC	NHDC	SBC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	450	384	605	350	386	442	4,773
District capital contribution	(191)	(90)	(232)	(45)	(183)	(126)	(1,914)
Increased DFG grant 16/17	(577)	(530)	(654)	(576)	(523)	(592)	(5,652)
Extra capital money available	(318)	(237)	(281)	(271)	(319)	(276)	(2,793)

- HCC is not included in these tables as it does not receive DFG.
- The capital impact on individual districts is the same regardless of how many authorities are in the model.

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

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, as detailed on p32
- 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.

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

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 followed by a two year period of service development as new ways of working are established.

Costings have been carried out for a small group of six authorities which have indicated a significant interest in progressing with the shared service, with a further authority presented as joining in Year Two.

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. Table 1 shows the representation of authorities which have been included in the costings.

Table 1: Representation of authorities within the Business Case

Year One	Year Two
----------	----------

Six Authorities	Seven Authorities
<ul style="list-style-type: none"> • Broxbourne Borough Council • East Herts Council • Hertfordshire County Council • North Hertfordshire District Council • Watford Borough Council • Welwyn Hatfield Borough Council 	<ul style="list-style-type: none"> • Broxbourne Borough Council • East Herts Council • Hertfordshire County Council • North Hertfordshire District Council • Stevenage Borough Council • Watford Borough Council • Welwyn Hatfield Borough 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
- Workstreams to develop different strands of the implementation process

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 has progressed to developing the Final Business Case, and has started to develop the Implementation Plan. This includes a detailed Service Specification and more detailed financial information. See Appendix C for a high-level timeline of the project.

Section 4 Establish Baseline

This section seeks to outline the position of 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 to 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 £900k.

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	111	66	113	82	50	70	80	94	111	123	900
Disabled Facilities Spend	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	561	668	497	517	655	771	930	512	497	565	6,173
Agency fee income	0	(35)	0	0	(50)	0	0	0	0	0	(85)
Net cost of service	561	634	497	517	605	771	930	512	497	565	6,088
Funded by											
Grant	(314)	(366)	(293)	(295)	(360)	(291)	(305)	(250)	(279)	(316)	(3,070)
Revenue resources	(56)	(32)	(113)	(82)	(12)	(70)	(80)	0	(36)	(123)	(604)
HRA resources (revenue and capital)	0	0	0	0	0	0	(500)	0	0	0	(500)
Other capital financing (usually capital receipts)	(191)	(236)	(90)	(140)	(232)	(409)	(45)	(262)	(183)	(126)	(1,914)
Total financing	(561)	(634)	(497)	(517)	(605)	(771)	(930)	(512)	(497)	(565)	(6,088)

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 £900k. 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 and St Albans did not respond to the request for updated and verified information, therefore, the original information received has been used.
- Client contributions have been excluded as there was inconsistent interpretation and treatment of these among districts essentially rendering them non-comparable.

CABINET (28.3.17)

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	Hertfordshire Total
	£000s	Total £000s	£000s
Running Costs	800	900	1,700
Disabled Facilities	559	4,773	5,332
HRA adaptations	0	500	500
Gross cost of service	1,359	6,173	7,532
Agency fee income	0	(85)	(85)
Net cost of service	1,359	6,088	7,447
Funded by			
Grant	0	(3,070)	(3,070)
Revenue resources	(1,359)	(604)	(1,963)
HRA resources (revenue and capital)	0	(500)	(500)
Other capital financing (usually capital receipts)	0	(1,914)	(1,914)
Total financing	(1,359)	(6,088)	(7,447)

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

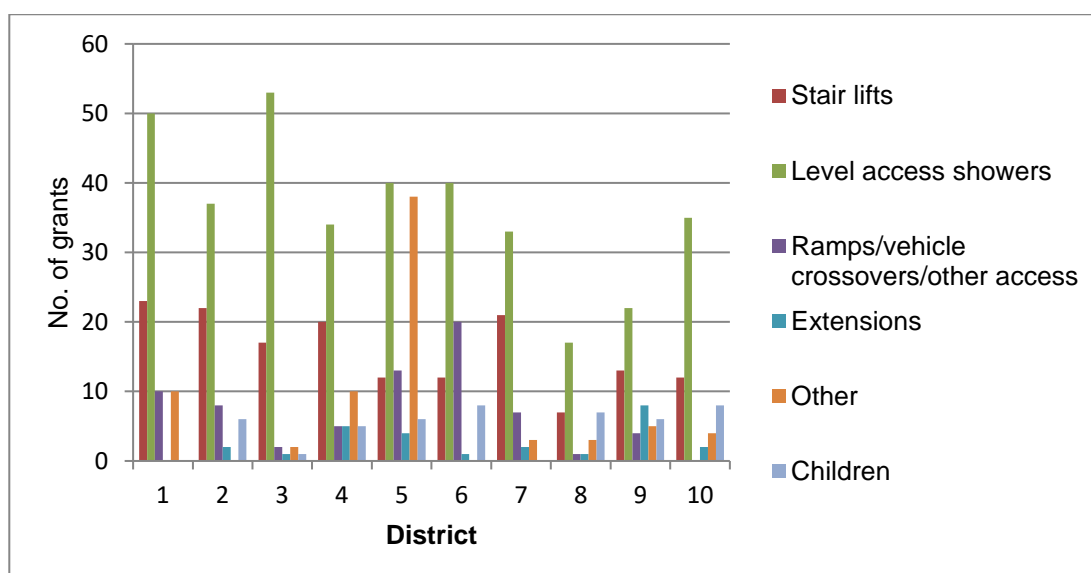
HCC has reported that the current average waiting time for an Occupational Therapy assessment is 8-12 weeks.

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

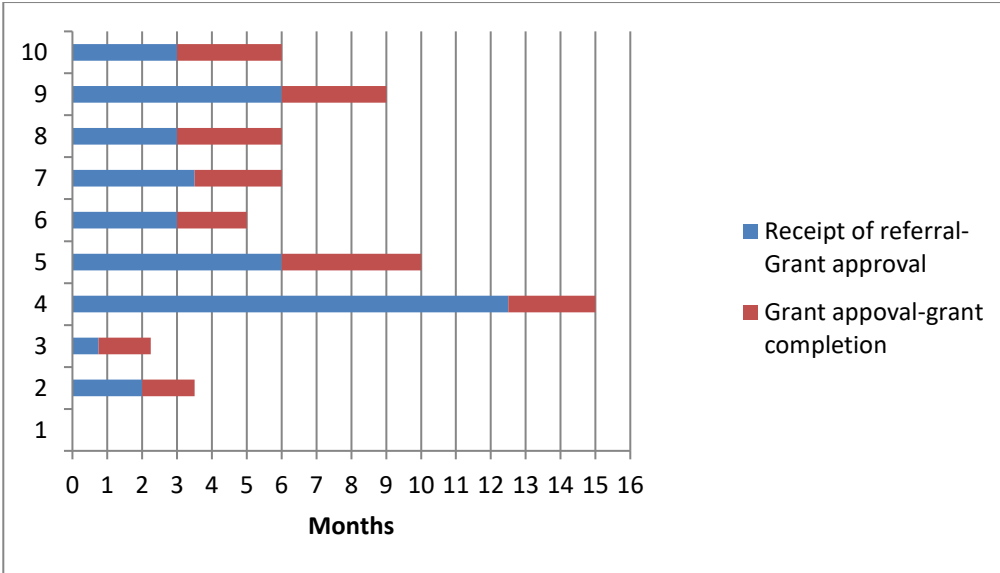


4.2.4 Timescales

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

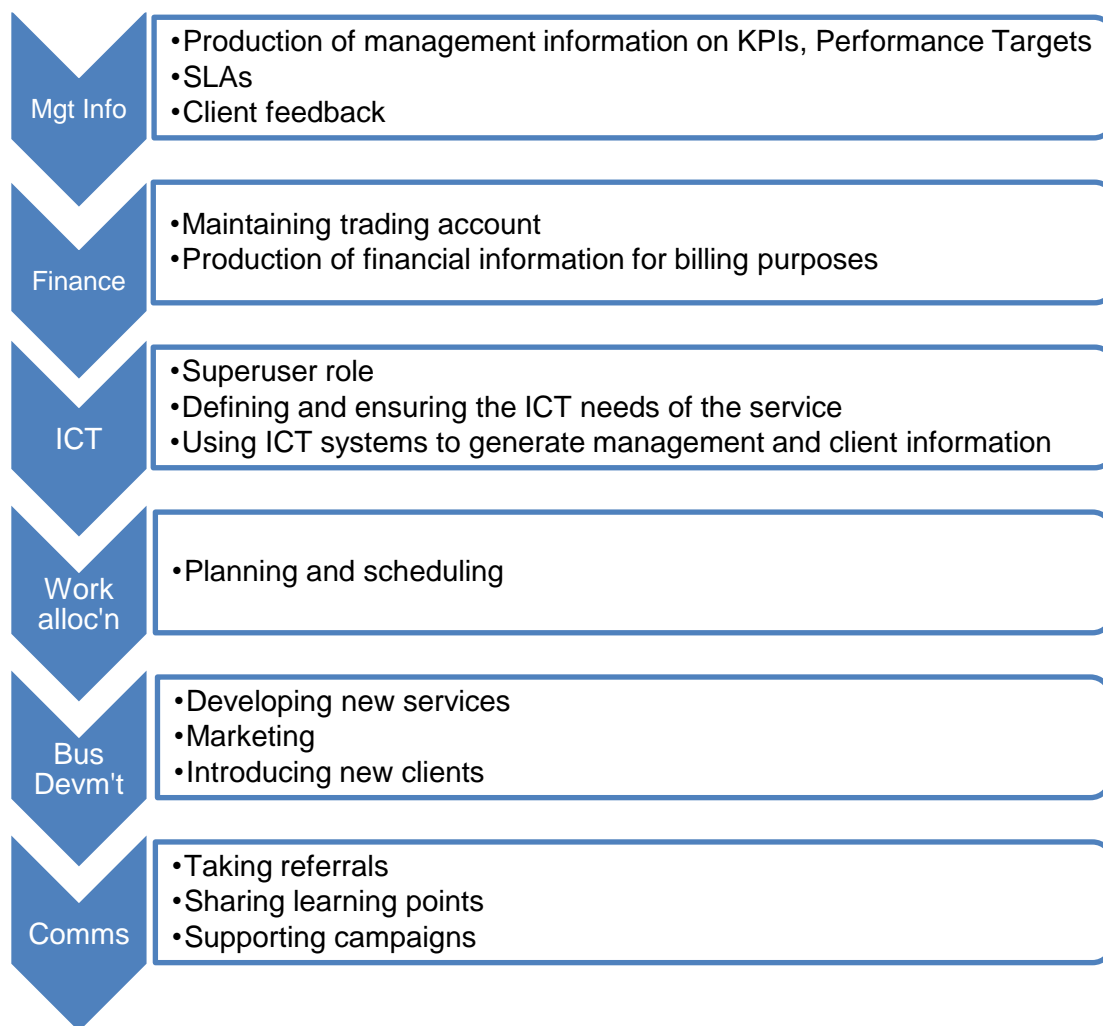


Table 6: Business Management and Support: Boundaries and Interfaces with Councils

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	

Task	Distribution	
	Shared Service	Councils
ICT	Implement and maintain ICT systems	Provide access to local systems
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
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:

- 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

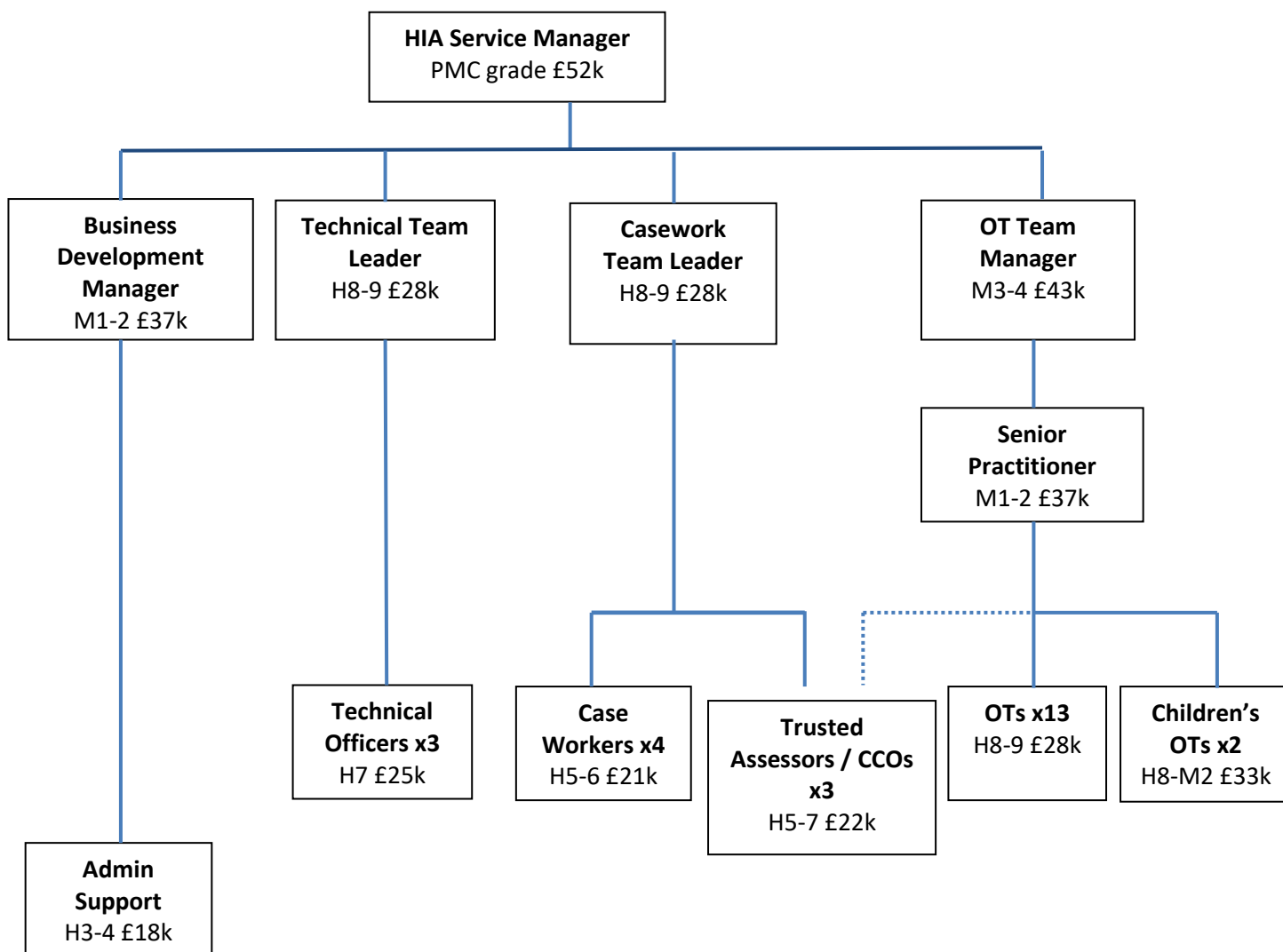
In order to determine a model for the team the caseload numbers of the district and borough councils and of the OT service were obtained.

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
	£000s
HIA Service staffing	386
OT Service	671
HIA Service costs and overheads	51
Total running costs	1,108

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.

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 April 2017 – Sept 2017	27
Cost per partner based on six authority model	14

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 cost 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: YEAR ONE: Six Authority Model (5 Districts plus HCC) - Revenue Impact

	BBC	EHC	NHDC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	85	72	114	73	83	426
Capitalisable staffing costs	(31)	(27)	(42)	(27)	(31)	(158)
Net revenue cost of service	53	45	72	46	52	269
Current revenue budget for DFG	56	113	12	36	123	341
Residual costs in district i.e. non-cashable savings	55	48	31	36	111	280
Extra revenue budget required for shared service	52	(20)	90	46	40	208
Fee income at 10% of DFG spend	(45)	(38)	(60)	(39)	(44)	(227)
Extra revenue budget required if charge fee income	7	(58)	30	7	(5)	(19)
Pooling of fee income to generate revenue neutral position for each authority	-	-	-	-	-	(19)

Notes

- The revenue running costs for each authority have been apportioned based on current levels of DFG spend.
- HCC fully funds the OT service and pays a proportionate amount towards the Head of Service salary costs. HCC has not been included in the table as it does not take a share of fee income.
- 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.
- The revenue cost of the shared service has been compared to each district’s current revenue budget for DFG taking into account residual costs. Districts would be expected to contribute a maximum revenue amount of their current revenue budget for DFG less residual costs to the shared service.

- 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. For the shared service to break even in Year One, fee income of 10% would need to be charged, as shown above.
- This assumes a pooling of fee income in order to generate a revenue neutral position for each district, as agreed at the Hertfordshire Chief Financial Officers' meeting in December.
- The expectation is that fee income received may negate the need to ask districts for their revenue contribution, and a decision would be taken towards the end of the financial year based on performance of the shared service. If fee income at 10% was charged and the same number of adaptations were carried out as in previous years, no revenue contribution would need to be asked for, as shown in the table above.
- The aim is that the shared service will be able to carry out significantly more adaptations than currently, and therefore, the table reflects the worst case scenario, which still enables the shared service to break even, without having to ask for revenue contributions.

Table 9.2: YEAR TWO: Seven Authority Model (6 Districts plus HCC) – Revenue Impact

	BBC	EHC	NHDC	SBC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	74	63	99	57	63	72	428
Capitalisable costs	(27)	(23)	(37)	(21)	(23)	(27)	(158)
Net revenue cost of service	46	40	62	36	40	46	270
Fee income at 10.5% of DFG spend	(47)	(40)	(64)	(37)	(41)	(46)	(275)
Extra revenue budget required if charge fee income	(1)	(1)	(1)	(1)	(1)	(1)	(5)

Notes

- In Year Two, districts would not be asked to contribute their current revenue budget less residual costs – the shared service would be expected to break even using fee income alone.
- A fee level of 10.5% assuming the same number of adaptations being carried out as currently would enable this.

Table 10.1: Six Authority Model – Capital Impact

	BBC	EHC	NHDC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	450	384	605	386	442	2,267
District capital contribution	(191)	(90)	(232)	(183)	(126)	(822)
Increased DFG grant 16/17	(577)	(530)	(654)	(523)	(592)	(2,876)
Extra capital money available	(318)	(237)	(281)	(319)	(276)	(1,431)

Table 10.2: Seven Authority Model – Capital Impact

	BBC	EHC	NHDC	SBC	WBC	WHBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	450	384	605	350	386	442	4,773
District capital contribution	(191)	(90)	(232)	(45)	(183)	(126)	(1,914)
Increased DFG grant 16/17	(577)	(530)	(654)	(576)	(523)	(592)	(5,652)
Extra capital money available	(318)	(237)	(281)	(271)	(319)	(276)	(2,793)

Notes

- HCC is not included in these tables as it does not receive DFG.
- The capital impact on individual districts is the same regardless of how many authorities are in the model.

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 may be opportunities in the future to top-slice and pool together a proportion of this extra capital money 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 so is mentioned simply as a potential consideration for the future.

7 PROJECT MANAGEMENT DELIVERY AND NEXT STEPS

7.1 Project Constraints, Assumptions and Dependencies

Key **constraints** for consideration 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:

- 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 September 2017

Key **dependencies** for consideration:

- Harmonising systems or procuring a brand new system
- The establishment of effective and workable governance arrangements
- The need to recognise 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 **recommended** 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 apprised 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

	<ul style="list-style-type: none"> • Greater savings from guaranteed work 	<ul style="list-style-type: none"> • Large, non-local providers are likely to win business • Less flexibility/viable options if provider is underperforming
C. Do nothing	<ul style="list-style-type: none"> • Good contractual arrangements in place • Knowledgeable, committed staff • Trusted brand • Support local business 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Relatively low-cost • Retained control of budget for local authorities • Strong trusted brand • Better use of staff resources • Knowledgeable, committed staff 	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Cost of incorporating organisation • Still only a partially integrated, holistic approach • Possible TUPE/redundancy issues
C. Complete Home Improvement	<ul style="list-style-type: none"> • Opportunity for technical officer, caseworkers and integrated OT service and minor adaptations in one place 	<ul style="list-style-type: none"> • Cost of incorporating organisation • Possible TUPE/redundancy issues

Agency (HIA)	<ul style="list-style-type: none"> • 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 	
D. Do nothing	<ul style="list-style-type: none"> • 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 • Strong trusted brand • Supports local business • Driven by need not profit • Stays local 	<ul style="list-style-type: none"> • 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 • 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

	<ul style="list-style-type: none">• No need to delegate grant paying powers	<p>process</p> <ul style="list-style-type: none">• 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
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B.2 Options Analysis for Delivery Approach

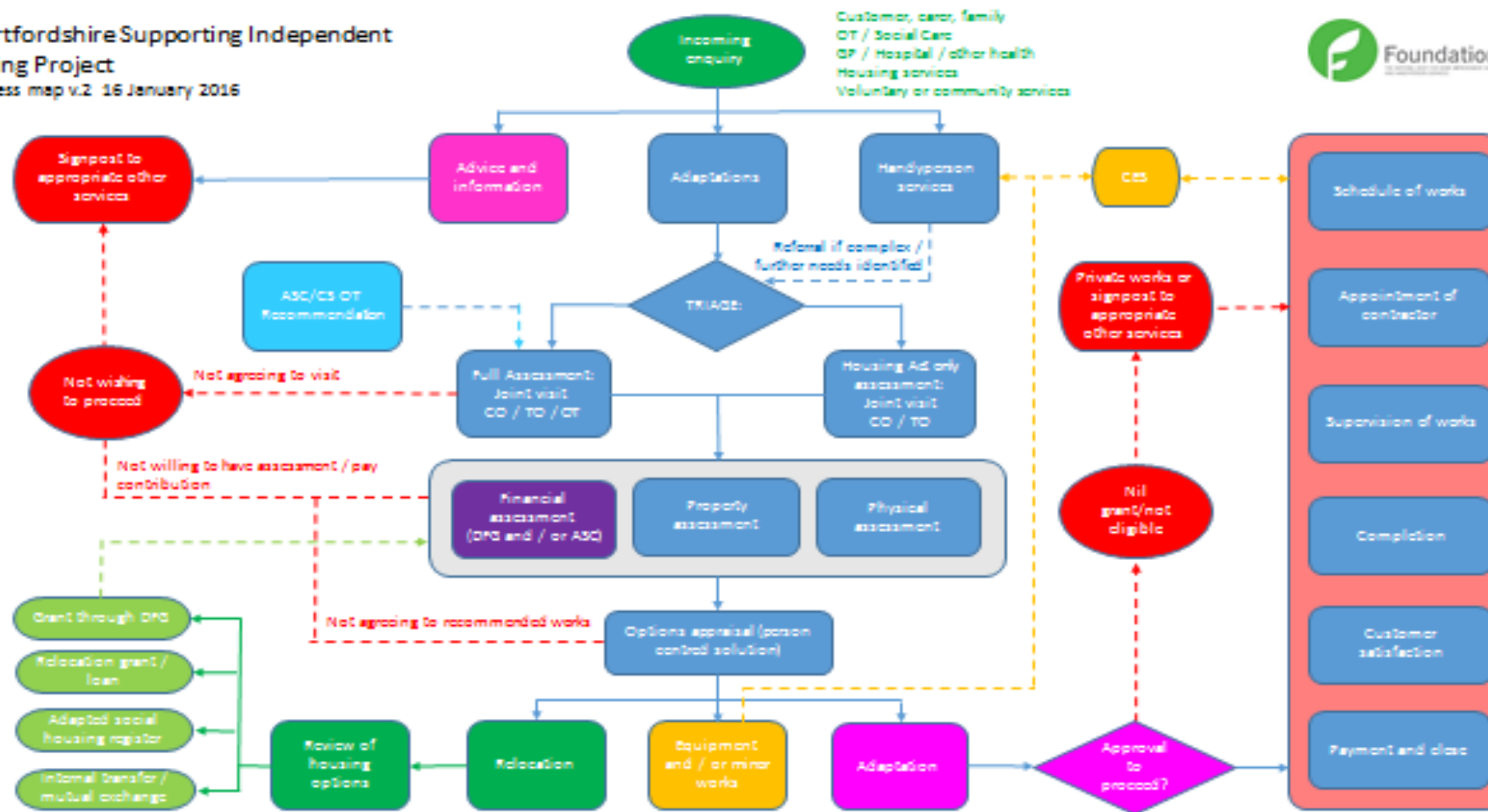
Option	Benefits	Drawbacks
A. Shared service model	<ul style="list-style-type: none"> • Greater resilience • Opportunity for caseworkers and integrated OT service • Not costly to set-up • Fits with Care Act 2014 • Future opportunities to develop as social enterprise • Driven by need not profit • Retained 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Cost effective approach, possible savings 	<ul style="list-style-type: none"> • Perceived loss of control/ local expertise and knowledge

external contractor	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Strong CCG/HCC influence • Buy-in from LAs 	<ul style="list-style-type: none"> • Cost of incorporating organisation • Lack of support

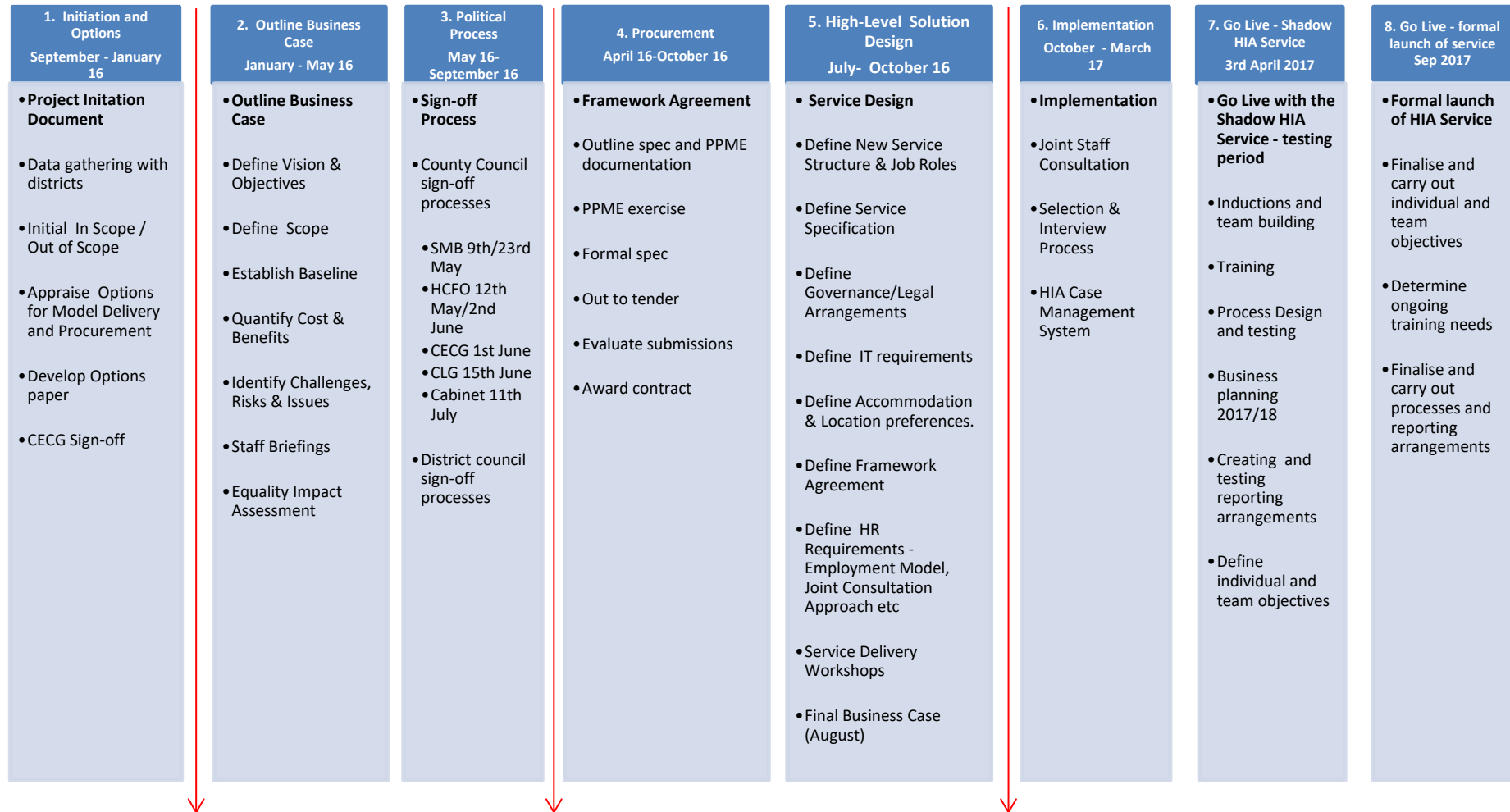
<p>managing the DFG and adaptation services across Hertfordshire</p>	<ul style="list-style-type: none"> • Standardised practice across the county • Resilience of capacity • History of this approach in the county with HILS • Better use of staff resources • Freedom to innovate • Opportunity to develop 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 	<ul style="list-style-type: none"> • Possible TUPE/redundancy issues
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Appendix B Home Improvement Service Process Draft

Hertfordshire Supporting Independent Living Project
 Process map v.2 16 January 2016



Appendix C Home Improvement Service High Level Timeline



→
Go/No-Go Decision Point

CABINET (28.3.17)

Appendix D

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