 Executive Committee 28 September 2016		Agenda Item No. 8
Title	Proposed HEART Shared Service to deliver home adaptations (including Disabled Facilities Grants)	
For further information about this report please contact	Andy Thompson Head of Housing and Property Services Telephone: 01926 456403 Email: andy.thompson@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	1 st December 2010 - Joint Finance and Audit and Overview and Scrutiny Committee – minute number 10 26 th July 2016 - Overview and Scrutiny Committee – minute number 25	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes - 776
Equality Impact Assessment Undertaken	Yes

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	15.09.2016	Chris Elliot/Bill Hunt
Head of Service	15.09.2016	Andy Thompson
CMT	15.09.2016	Chris Elliot/Bill Hunt/Andrew Jones
Section 151 Officer	15.09.2016	Mike Snow
Monitoring Officer	15.09.2016	Andrew Jones
Legal Advisor	15.09.2016	Kate Hillier
Finance	15.09.2016	Andrew Rollins
Portfolio Holder(s)	19.09.2016	Councillor Peter Phillips
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report		
Final Decision?	Yes	

1. **Summary**

- 1.1 Since January 2014 the Council, in partnership with Stratford-upon-Avon District Council (SDC) and Warwickshire County Council (WCC) has been operating a pilot service, the South Warwickshire Housing Assessment Team, to provide home adaptations and improvements across the South of Warwickshire.
- 1.2 The purpose of this report is to recommend that this Council enters into a partnership agreement with the five Warwickshire District and Borough Councils and the County Council to participate in a county wide shared service Home Environment Assessment and Response Team (HEART) for the delivery of home adaptations and related services.
- 1.3 The recommendation is based on an evaluation of three options, presented in this report, and a review of service performance during the pilot period.

2. **Recommendations**

- 2.1 That Executive approves the HEART Business Case, attached at Appendix One and for the Council to participate in HEART for the future delivery of its home adaptation responsibilities and associated services from 1st April 2017, for a period of 5 years;
- 2.2 The Executive delegates authority to the Deputy Chief Executive (BH) to enter into a shared services agreement, in accordance with Section 101 of the Local Government Act 1972 and of the Local Government (Arrangements for the Discharge of Functions) (England Regulations 2000), on terms agreed, in consultation with the Housing Portfolio Holder, with the following partner authorities:
 - Stratford-on-Avon District Council (SDC)
 - Warwickshire County Council (WCC)
 - North Warwickshire Borough Council (NWBC)
 - Nuneaton and Bedworth Borough Council (N&BBC)
 - Rugby Borough Council (RBC);

to discharge those functions related to Disabled Facilities Grants (DFGs), housing renewal and the Care Act 2014 and other relevant functions;

- 2.3 That Executive allocates additional budget of £48,500 to enable the council to join HEART, included in the Medium Term Financial Strategy from 2017/18 onwards.
- 2.4 That Executive agrees to set the DFG fee at 12.5% from 1 April 2017.

3. **Reasons for the Recommendation**

- 3.1 Warwick District Council Participation in HEART
 - 3.1.1 Since 2010 the Council has been working in partnership with SDC and WCC to pilot a new way of delivering home adaptations and improvements. A pilot service (South Warwickshire Housing Assessment Team - HAT) was launched in January 2014. The pilot is part of a county wide collaborative project, initiated by Warwickshire County Council and led by the Warwickshire Heads of Housing Group to create a more efficient and effective way of delivering housing aids

and adaptations and home improvements for disabled and older people across Warwickshire.

3.1.2 A Project Board, including the members of the County's Heads of Housing Group, has overseen the programme. It has, in the light of the positive experiences of operating a shared service in the north of the county and a pilot project in the south, developed a proposal for the delivery of aids and adaptation by a shared service serving the whole of Warwickshire. Called HEART, the delivery model has been designed to maximise resilience across the county by sharing skills, expertise and experience to speed up and improve the quality of services offered to people who need home adaptations to stay living in their home.

3.1.3 Council officers at WDC and SDC have carried out a joint evaluation of available options including HEART to deliver home adaptations and improvements. The options that were ultimately considered were:

Option One: County Wide Shared Service: HEART

Option Two: South Warwickshire HAT Shared Service

Option Three: Pre-HAT service (WDC returns to pre pilot DFG service)

3.1.4 There was previously a fourth option under consideration: WDC and SDC Shared Service. This option has now been discounted due to SDC indicating that this is not a model that it would participate in. As a result this report does not consider this option as it is no longer open to us.

3.1.5 Each of the options was evaluated against the following criteria.

- Performance of service
- Customer satisfaction levels with the quality of work
- Cost including capital and revenue impacts
- Resilience of the service
- Influence and control for each authority

3.1.6 The result of the evaluation, attached to this report as Appendix Two, shows that Option One – Participation in HEART – offers the most potential to further improve the quality of service offered to the Council's clients and maintain sufficient resilience to reduce the risk of this statutory service failing to meet the Council's obligations.

3.1.7 A full Business Case, attached as Appendix One to this report, has been developed for HEART. It sets out the way forward for the project, and demonstrates the objectives, benefits and viability of the project as a delivery model for home aids and adaptations.

3.1.8 The performance of the pilot in the south of Warwickshire was a significant factor taken into account as part of the evaluation. The pilot has delivered demonstrable improvements and the business case demonstrates HEART's ability to sustain this level of service and importantly the potential to deliver further improvements to the service for residents of Warwick District. Section 9 of this report sets out the improvement in the service that has been achieved during the pilot.

3.1.10 As well as improved end to end times for customers, there are a host of additional benefits to the council joining the HEART shared service as well as

risks associated with not joining. Appendix Two documents the evaluation of each of the options against the criteria agreed.

3.1.11 By joining HEART, the council is better placed to access Government funding. In 2013 the Government introduced a single pooled budget for health and social care services, known as the Better Care Fund (BCF). It includes DFG funding. The BCF requires the NHS and local authorities to agree a joint plan to demonstrate how the funding will be best used within social care to achieve the best outcomes for local people. The funding includes financial incentives to deliver services which prevent the need for residential care, emergency admissions to hospital or for acute services. Of the options considered, Option A offers a comprehensive range of holistic services which are most closely aligned with this preventative agenda. It is felt that this model is the most likely to secure future funding for DFGs and other related services.

3.1.12 HEART provides a more resilient and enhanced quality of service/customer experience compared to the other options considered. The HEART service delivers a range of interventions, in addition to DFGs to enable customers to remain independent in their homes. The scope of the new caseworker role included in the HEART model means that each customer enjoys a single point of contact from the start to finish of adaptation works. The HEART service is well staffed meaning that the performance of service is protected against staff absence.

3.1.13 In addition there are a number of customer and organisational benefits of the HEART service. The benefits to Warwickshire residents include:

- Improved quality of life
- Reduced pressure on carers
- Maintained independence
- Giving the individual self-respect and dignity
- Enjoyment of living in their own familiar home environment for much longer
- Choice
- Social inclusion and family life.

3.1.14 The organisations involved in the shared service will benefit in many different ways given the unique delivery of services that span the two tiers of local government. The main benefits include:

- § Establishment of shared teams and services spanning the six local authorities in Warwickshire which breaks down organisational and professional barriers that hinder shared working.
- § Shared risk and increased resilience across Warwickshire localities to deliver the services meaning business continuity is enhanced.
- § Reduced capital costs through shared procurement and spending power – for example a larger shared budget enable new ways to provide adaptations e.g. direct procurement of stair lifts.
- § More customers assessed and assisted for the same revenue costs.
- § Potential to engage effectively with health services with a single voice for housing related interventions.
- § Improved health and wellbeing and supporting independence.
- § Provision of a simple cost effective and timely responsive service.

3.1.15 To enable the council to ensure that HEART achieves the desired outcomes and benefits that this report sets out, a management board will be established. This will be made up of senior managers for each respective partner. The management board will receive regular reports on performance and budgets.

This will enable the HEART management board to understand how the service is performing and take any necessary action to ensure that performance is sustained and improved.

3.1.16 The performance of the service will be monitored by the review of 29 key performance indicators (KPIs) which have been agreed by the project board. The measures can be linked directly to the desired outcomes of the HEART service. The measures will include: number of enquiries, number and type of adaptations and interventions completed, customer complaints and satisfaction, and end to end times. The board will consider prior to the start of HEART if any targets will be set for the KPIs and if so, what they will be set at.

3.1.17 The KPIs will be reported to the Management Board quarterly and annually on a county wide basis and will be reported on a district wide basis bi-annually. Warwick District Council will report the performance to the Housing Advisory Group quarterly and the performance of HEART will be included in the bi-annual Portfolio Holder Updates to Overview and Scrutiny.

3.2 Shared Services Agreement

3.2.1 The relevant legislation for the provision of Disabled Facilities Grants is set out in the Housing Grants, Construction and Regeneration Act 1996, the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.

3.2.2 The housing authorities in the north of Warwickshire and the County Council have formally agreed to develop and enter into the partnership agreement necessary for them to formally become part of HEART and use it to deliver services on their behalf.

3.2.3 Section 101 of the Local Government Act 1972 and the Local Government (Arrangements for the Discharge of Functions) (England) Regulations 2012 gives authority to local authorities to delegate one or more of their functions to another local authority. The shared service provisions set out in the business case are in accordance with these.

3.2.4 WDC and SDC are now seeking agreement from their respective Executive Committees to develop and enter into the same partnership agreement contract. The agreement is substantially drafted and Warwickshire Legal Services have provided advice to Warwick District Council already. Once the agreement is finalised and Legal Services are satisfied with its form, the Deputy Chief Executive will sign the agreement.

3.3 Base budget for HEART

3.3.1 The HEART business case sets out the financial input required from each council to participate in HEART. Whilst this requires additional funding contribution above the base budget, the benefits of joining and risks associated with not joining (see appendix 4) as set out in this report are considered to far outweigh the additional contribution required. Section five sets out in detail the additional budget requirements to join HEART.

3.4 Disabled Facility Grant (DFG) Fees

3.4.1 In 2014, the Council introduced fees for DFGs which means that applicants are charged 15% of the cost of the adaptation. This fee is fully funded within the DFG grant, but should be used to fund only the cost of delivery of the

adaptation. The fee income cannot be used to fund the administration of DFGs and local authorities will always be required to contribute towards the cost of the administration and delivery of this statutory service.

3.4.2 All of the district and borough councils participating in the pilot charge fees at varying rates ranging from 9% to 15%. To ensure consistency in setting budgets and contributions from each local authority to make the administration of service by HEART cost effective and efficient, it was considered necessary to establish a common fee rate. This has been agreed at 12.5% for all participating authorities. As a result, the council will need to adjust its fees charges from 15% to 12.5% from 1st April 2017.

4. **Policy Framework**

4.1 Fit for the Future

4.1.1 The purpose of the HAT pilot project accords with the Service and Money strands of Fit for the Future. The service and related processes have been designed using lean systems thinking principles to deliver customer focused services to: "To provide customers with the advice and information to help them make the right choice, and provide practical help to deliver the right housing solution when they want it"

4.1.2 The service is focused on managing staffing resources including partners' resources efficiently to meet customer demand and make best use of available budgets.

4.2 Sustainable Community Strategy

4.2.1 The effective delivery of aids and adaptations to residents' homes directly and positively contributes to the Housing and Health and Wellbeing priorities within the Council's Sustainable Community Strategy by ensuring that:

- Everyone's housing needs are met
- Everyone is able to enjoy a healthy lifestyle and sense of well being
- The gap between affluent and poor people has been significantly reduced
- Our older and vulnerable citizens are valued and live fulfilling and independent lives.

4.3 Impact Assessments

4.3.1 Equality Implications

4.3.2 The aim of HEART is to improve the delivery of the Disabled Facilities Grants service both in quality and timescales and offer a holistic assessment which is much more than just delivering adaptations. The report indicates it is delivering better outcomes for service users. This should result in a positive impact for people with disabilities and other service users as defined under the protected characteristics in the Equality Act 2010.

4.3.3 The service aims to improve the quality of life and social justice for residents across the whole of the County so that all residents in Warwickshire can enjoy the same opportunities to access adaptation and related services to be able to remain independent at home. In addition we are working in partnership to improve health and reduce health inequalities for residents across the County.

4.3.4 An Equality Impact Assessment is included at Appendix Three.

5. Budgetary Framework

- 5.1 The HEART Business Case sets out the financial requirement from each participating local authority. The HEART contributions for the district and borough partners have been calculated on the principle that contributions are aligned to the level of work.
- 5.2 The proposals for funding the revenue required for the administration of the mandatory DFG element of the service will mean that WDC will be required to make a contribution of approximately £121,500.
- 5.3 The table below compares the costs of the current service with those proposed under HEART.

	16-17 Current service	16-17 HEART	Net increase
	£	£	£
Direct costs	90,700		
Contribution to HEART		121,500	
Indirect costs (fixed)	11,100	11,100	
Total costs	101,800	132,600	30,800
DFG Fee income	(106,10)	(88,400)	17,700
Net cost to WDC	(4,300)	44,200	48,500

- 5.4 This contribution can be largely met from the available Home Improvement Agency HIA budget of £80,800 but will require an additional General Fund Budget allocation of £48,500 from 2017/18. From 2017/18 the full year cost will need to be built into the Medium Term Financial Strategy.
- 5.5 As reported to Executive in June as part of the Fit For the Future report, the Council is having to secure substantial additional savings. Whilst plans to secure those savings have been agreed, this additional recurring cost will place additional pressure on the Council's Medium Term Financial Strategy. If the savings cannot be made, this will impact upon services.
- 5.6 All calculations above are based on current 2016/17 income and expenditure, until confirmation of 2017/18 values is received.
- 5.7 DFG fees income the under current service is derived from charging 15% of the total DFG grant. Under HEART, this will reduce to 12.5%

6. Risks

- 6.1 The pilots for the HEART model of service delivery are well tested, with the pilot service in the North and South of the County having started some six and two and half years ago respectively. During this time the performance of the service has been thoroughly measured and the data has shown significant improvements in performance in both pilots. As such, the adoption of the HEART shared service creates limited risks for WDC as the pilots have been shown to deliver successful outcomes for customers.
- 6.2 There are also a number of risks associated with deciding not to join the HEART shared service.

6.3 A summary of all of these risks is given at Appendix Four.

7. Alternative Option(s) considered

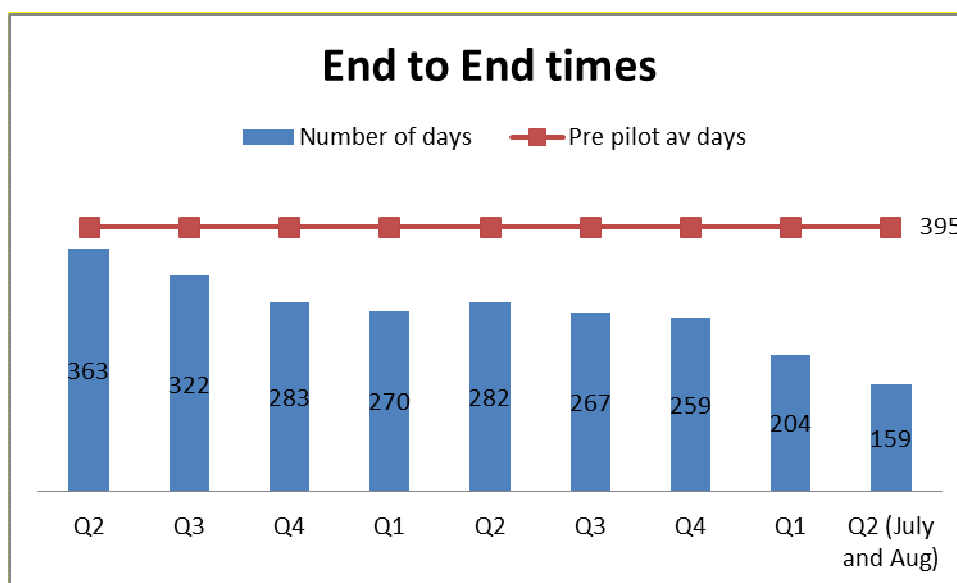
7.1 Appendix Two sets out the alternative options considered and the evaluation against the agreed objectives.

8. Background

8.1 In 2013 the Government introduced a single pooled budget for health and social care services, known as the Better Care Fund (BCF). It includes DFGs funding. The BCF requires the NHS and local authorities to agree a joint plan to demonstrate how the funding will be best used within social care to achieve the best outcomes for local people. The funding includes financial incentives to deliver services which prevent the need for residential care, emergency admissions to hospital or for acute services. Of the options considered, option A offers a comprehensive range of holistic services which are most closely aligned with this preventative agenda. It is felt that this model is the most likely to secure future funding for DFGs.

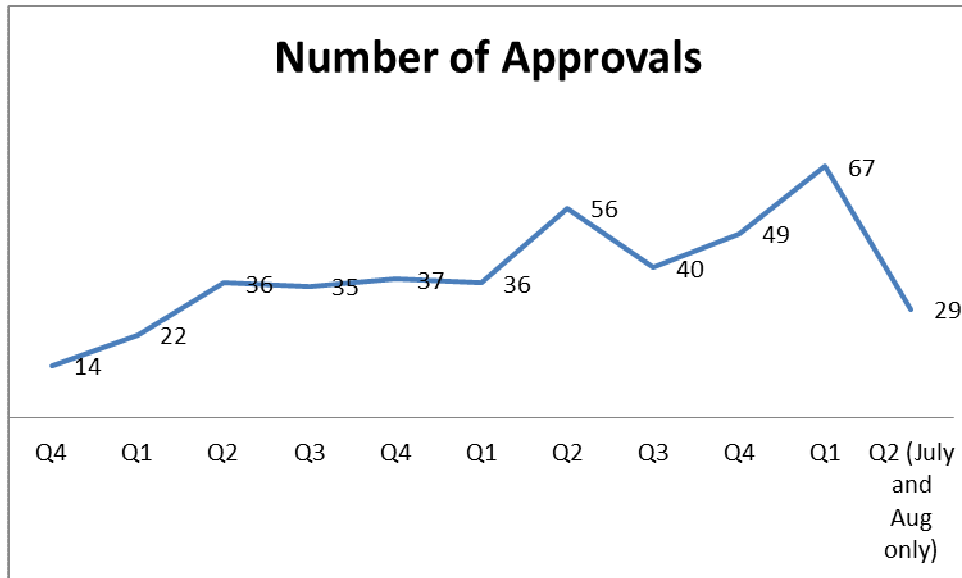
8.2 The aim of the HEART project is to create a new customer focused service delivery model which would bring together the different professions from each of the organisations, create a new role and link together existing services within a service model that involves working together to deliver holistic housing assessment and appropriate solutions. The purpose of the HEART service is: "To provide customers with the advice and information to help them make the right choice, and provide practical help to deliver the right housing solution when they want it".

8.3 The performance of the HAT Pilot has demonstrated that the model has the ability to significantly improve performance. The graph below shows that the time taken to carry out DFG works has dropped to 159 days compared with a pre-pilot county-wide average of 395 days.

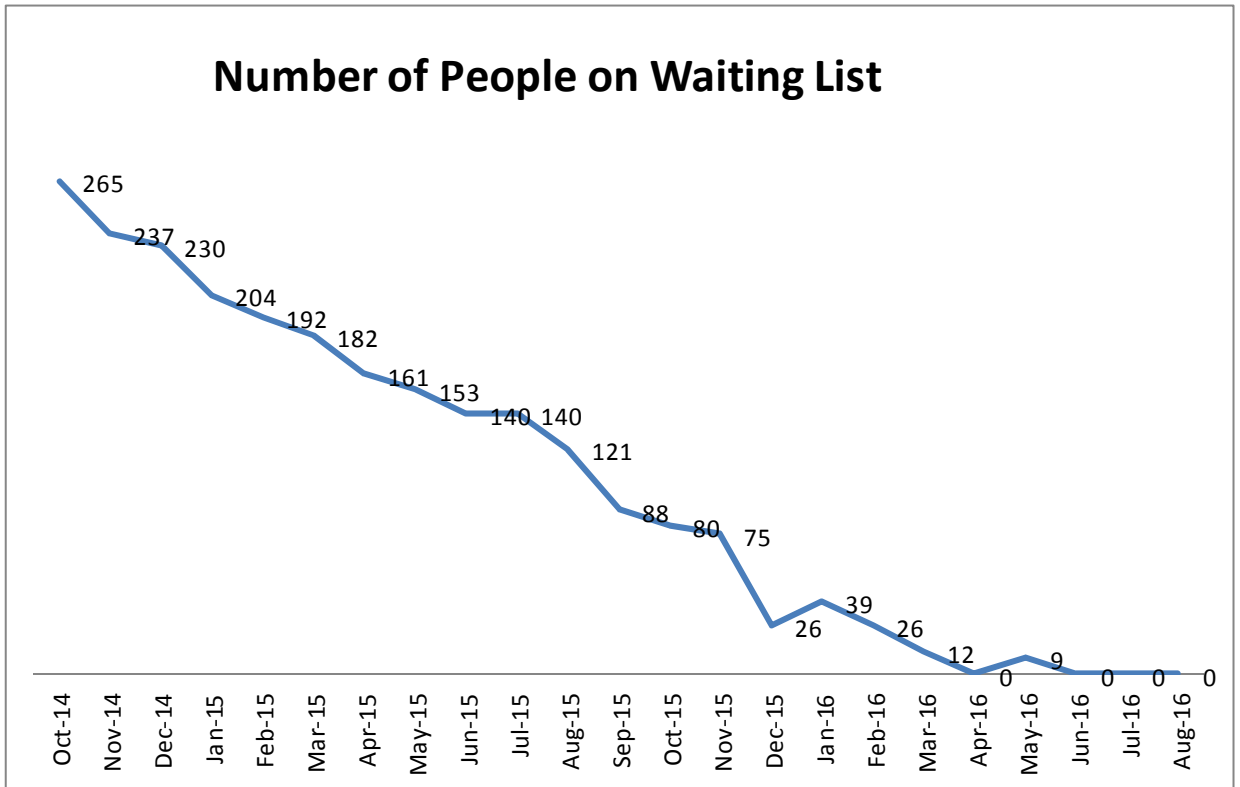


8.4 The above graph shows a strong increase in the number of disabled facilities grant approvals to date in quarter 2. The increase in grant approvals reflects the increased capacity of the team now that the new team are fully up to speed with their new role, processes and procedures.

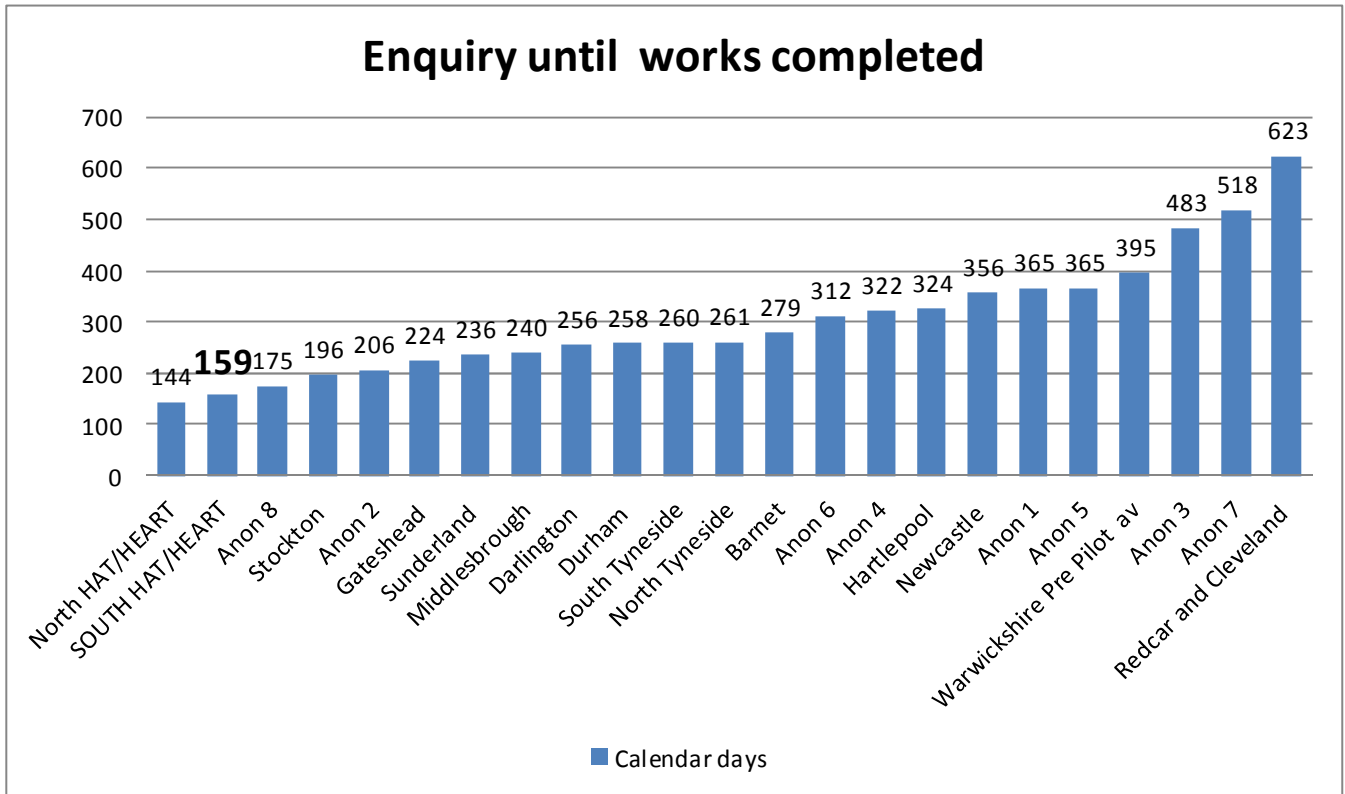
8.5 The graph below shows the number of cases approved per quarter which has shown an overall increase. Whilst only part way through the current quarter it is likely that the number of approvals will be lower than previous quarters. This may be due to the team's improved capacity to provide more timely solutions for customers. As the service is now dealing with cases more promptly it is thought these earlier interventions are enabling customer needs to be met with equipment and minor adaptations etc, rather than needing to provide permanent adaptations requiring DFG grants to meet needs.



8.6 The graph below shows that the waiting list of customers awaiting allocation to a caseworker has been eradicated. This has been achieved by a combination of the introduction of effective duty desk working arrangements and the more efficient through put of cases through system. Caseworkers increased ability to progress existing cases efficiently through to case closure, enables the Team Leader to allocate more cases from waiting list.



8.7 Availability of data to benchmark performance is limited as there are few authorities who currently provide a 'joined up' Aids and Adaptations Service in the same way that South HAT does. The only available comparison data available is from Foundations, the government appointed body for Home Improvement Agencies (which include DFG services) which provides an indication of how the performance of South HAT compares to other agencies. The graph demonstrates that the end to end times delivered by South HAT are very encouraging.



8.8 The scope of the service was agreed by the Project Board. The HEART service comprises the following core elements:

- Person’s ability to carry out activities of daily living.
- Housing environment conditions –single interventions including energy efficiency.
- Alternative accommodation assessment.
- Full Housing Health and Safety Rating Assessment.
- Home safety and falls prevention – person and property.
- Housing needs financial assessment – maximise income.

8.9 To deliver the scope and outcomes, a methodical and robust option appraisal process was followed by the Project Board for the determination of an appropriate service delivery model. This took into account the experience of operating a single line managed team serving the North of the County. It led to the conclusion that the service required a partnership agreement to protect the service and the working arrangements and allow the service to thrive and develop in a stable environment.

8.10 An options appraisal process created a preferred option of an agency agreement with the potential to create a Joint Committee at a later stage once the service has been established.

8.11 The partnership agreement has been constructed based on the following specification statement.

Shared Service Specification Statement	
Shared Service Vehicle	Host Authority with potential for Joint Committee
Governance	Governance Board comprising senior managers from each partner.

	Single management team
Host Authority	In principle Nuneaton and Bedworth Borough Council
Functions to be provided by host	Where possible all organisational and support functions
Support functions not to be provided by host	Specialist social care legal advice
Spirit of partnership	Support and shared endeavour to improve and develop – avoid a contractor / commissioner relationship Include Spirit Agreement or clause within partnership agreement.
Constraints	Each partner will not receive a disproportionate financial risk. WCC staff to be within a single management structure. Joint committee would be delegated the relevant powers from each local authority. Service to deliver options 1 to 6 in the Housing Service Matrix. Option to expand the services within the shared service e.g. from the second page of the Matrix. Need to keep this option open in the agreement Ability to trade is not important at this stage. Competence and capacity assessment necessary from host organisation.

8.12 In addition the host, Nuneaton & Bedworth Borough Council, will provide administrative and ancillary services as follows:

- Provide the Services, and as described in the business plan provide Ancillary Services, on behalf of all the Councils during the Term.
- Be responsible for the employment of the Head of Consortium and other new posts within the service.
- Ensure that the employees and Head of Consortium engaged from time to time are suitably qualified, experienced, trained and supervised to deliver the Services.
- Manage the employees and Head of Consortium as a diligent employer and shall handle grievance or disciplinary actions properly, with care, in accordance with law and in consultation (where relevant) with the other Councils.
- Ensure the Services are carried out with all due skill care and diligence and to the standard as would reasonably be expected of a local authority service.
- Ensure the prudent and proper control and management of the Cost Centre, Budget and Fund.
- Provide administrative and secretarial support to the Management Board, including producing and supplying regular financial monitoring information to the Management Board.

9. **Underpinning Principles**

9.1 A number of principles are proposed by the Project Board as follows:

- a) Revenue contributions for the partner organisations will be determined through agreed activity levels for housing authorities. The Council will meet the cost of OT involvement. The measure of activity needs to be agreed as part of the Business Case approval.
- b) Capital funding from the largely Government funded Disabled Facilities Grants will not be pooled.
- c) That the proposed capital agreement is taken to the Health and Wellbeing Board to be ratified since that body ultimately controls the use of the capital budgets in question – explaining the contract and explaining the implications of changes
- d) Fees will be set across the shared service at a single rate. The proposal is that this would at a single rate subject to work confirming that level is justifiable – currently 12.5%
- e) Risks will be shared by the shared service by adjusting for revenue variations at the end of each year by reviewing actual activity. Capital would vary with demand. The shared service would start each year with no reserves or deficits to manage.
- f) The contract for the shared service will include contract clauses about how fundamental changes will be managed.

9.2 In effect this means that no partner is liable for any costs other than those they would have been liable for if delivering the service, or parts of it, by themselves.

9.3 The amount of Disabled Facilities Grant funding being released by central Government is due to more than double from £220 million to £500 million by the year 2019/20. This is because it has been decided that home adaptations are so important to keeping people independent at home that the Social Care Capital Grant allowance has now been included in the overall budget for Grants. Partners will need to respond in order to deliver spending targets including both assessments and delivery. A joint plan has to be agreed. The proposed service and partnership agreement is a timely solution to a current challenge.

10. **HEART employee arrangements**

10.1 A staffing structure to deliver the service has been developed and is attached at Appendix Five. The partnership will have a single line management structure which will be overseen operationally by the HEART and Private Sector Housing Manager who will report directly to the HEART management board (see 3.1.15). The structure contains a range of resources designed to meet the demands of the service across the county in a flexible way which will ensure consistency of service.

10.2 An appraisal of the employment options was carried out for the shared service. The Project Board opted for the secondment of partner employees in to the shared service and where required direct employment of new posts on fixed term contracts. Staff will be seconded on existing terms and conditions and in compliance with the employing organisations policies, other than the current HAT pilot Project Manager post which is a fixed term position funded until 31/3/17.

- 10.3 The proposed partnership contract will be for a term of five years. There will however be a review of the arrangements for seconding staff into the service after two years to ensure that they are working well and are fit for purpose.
- 10.4 For Warwick District the proposals in the Business Case largely formalise the staff arrangement which have been in place since 2014 as part of the pilot project (HAT) arrangements. Nonetheless as part of the overall approach to delivering the proposals all staff are being consulted about the Business Case and the implications for them.
- 10.5 The Unions have been consulted about the progress of this service.
- 10.6 Informal briefings have been undertaken with the staff involved in the interim service. A formal consultation process (of at least 30 days) will also be used to consult with the WDC staff affected by these proposals dependent on the decision made following this report.