

PAPER NO. 8

REPORT TO THE EXECUTIVE MEETING OF 23 JULY 2012

Meeting: Executive
Date: 23rd July 2012
Subject: Home Improvement Agency Contract
Report of: Elaine Bird
Portfolio Holder: Janette Ackerley
Status: Implementation

1 Purpose of the Report

1.1 The purpose of the report is to advise members of the outcome of joint commissioning process with the County Council for the provision of a Home Improvement Agency and to approve the provision of an annual budget for the continuation of the Council's loans and equity release scheme.

2 Recommendations:

2.1 It is recommended that

- a) **Following the procurement process Harborough District Council enters into a contract with Company D for the provision of a Home Improvement Agency service commencing on the 1st October 2012.**
- b) **Annual budget provision of £6,000 is made for the delivery of the Council's loan and equity release scheme by the appointed contractor.**

3 Summary of Reasons for the Recommendations

3.1 At the Executive meeting of the 19th December 2011, members agreed to extend the existing contract with the Home Improvement Agency (HIA) until the commencement of the Countywide HIA service on the 1st October 2012 and for the Council to undertake a joint commissioning exercise with the County Council to procure a new HIA service.

3.2 The successful bidder will undertake a comprehensive HIA service for the delivery of the Council's disabled facilities grants and private sector housing renewal programme and has identified potential service improvements which could develop the service provision throughout the life of the contract and reduce the length of time applicants have to wait for the installation of adaptations.

3.3 The procurement process has now been completed and tender submissions were evaluated based upon 60% for the service provision and 40% on the cost of the pricing schedule submitted by the contractors. Based on this assessment Contractor D received the highest score.

3.4 The contract will run for 3 years with the potential to extend for a further 2 years at annual intervals.

4 Impact on Communities

4.1 The role of the Home Improvement Agency is to work with the most vulnerable households in the community to assist them in arranging for repairs and adaptations to be carried out to their properties and to enable them to live as independent lives as possible. If this service is not available there will be an impact on this sector of the community as the grant process can be lengthy and complicated with different agencies involved with the process.

5 Key Facts

5.1 The Home Improvement Agency receives funding from Supporting People (SP) through Leicestershire County Council. The current Supporting People contract with the Home Improvement Agency (HIA) is due to expire at the end of September 2012. Rather than supporting 3 individual HIA's currently working within the County, the County Council wanted to appoint a single agency that would operate across the whole County. The core function of the County agency will be to provide information, advice, signposting and support to vulnerable residents to enable them to remain independently in their homes. Consequently it was necessary for the County Council to undertake a procurement process to identify a suitable provider.

5.2 Harborough District Council currently has a contract with Mears Home Improvement Ltd for the delivery of its disabled facilities grants and private sector housing renewal programme. Mears Home Improvement Agency is one of the HIAs in the County which receives Supporting People funding however with the establishment of a Countywide HIA, Mears Home Improvement Ltd will lose their Supporting People funding which will have an impact on the service provided by the HIA to the Council as without the Supporting People funding the service is not sustainable in its current form. Consequently it was necessary for the Council to undertake the joint commissioning exercise with the County to ensure the continuation of the service.

5.3 The provision of disabled facilities grants (DFG's) is a mandatory service and grant aid is available to carry out essential adaptations to a disabled occupant's property to enable them to remain within their own homes. The grants are means tested for all applicants with the exception of those on income related benefits and where works are required for a disabled child. The maximum grant available is £30,000.

- 5.4 The Council's housing renewal programme offers a range of financial support to households who are unable to access commercial funding to undertake essential repairs to their property. The assistance includes property appreciation loans, small repayment loans and where necessary grant assistance.
- 5.5 Both the disabled facilities grants and the private sector housing renewal programme are administered by the Home Improvement Agency. To maintain a HIA service within the district, the Council undertook a joint commissioning exercise with the County for the successful bidder to provide a continuation of this service for the Council. Hinckley and Bosworth Borough Council also took part in the joint commissioning process for the delivery of their DFG and private sector housing renewal programme.
- 5.6 The agency currently receives no core funding for the delivery of the DFG programme however a Technical Officer employed by the Council is seconded to the agency to assist in the implementation of this programme. In addition the agency receives a fee for each grant completed. With regards to the private sector renewal programme, there is currently an annual fee paid to the agency for the delivery of the loans and equity release scheme along with a fee for each completed case.
- 5.7 Members should note that the current County Council Supporting People's contract with the Leicestershire Home Improvement Agencies only covers three districts in the County. The SP funding helps to subsidise the delivery of the district council's DFG programme through the HIA's in these specific areas. Harborough District Council has benefited from this subsidised service for several years however with the introduction of a Countywide HIA the amount of SP funding specifically for Harborough District will be reduced as the County Council required a more equitable service throughout the County.
- 5.8 Whilst the agency does not receive any core funding for the delivery of the disabled facilities grant, they do receive a fee for each grant they complete. The fees form part of the total grant payable to the applicant by the council and the fees are work out as a percentage of the cost of works. Do to the more complex nature of managing the loans and equity release scheme, the Council does pay the current HIA an annual maintenance fee. In addition the agency also receives a fee for each loan completed. The fees form part of the loan/equity release awarded to the applicant. It should be noted that the current fee structure was established when the original contract was awarded to the HIA, however since that time the core funding for the agency has been removed and consequently it was necessary to look at the fee structure as part of this contract to ensure a sustainable delivery of service.
- 5.9 As part of the procurement process each contractor was asked to submit a pricing structure for the delivery of the County Council work and for the delivery of specific requirements of the district council. Table 1 sets out the current pricing structure for Harborough District Council's grants/loans compared to the prices submitted by each of the potential contractors. The

fees listed below are either included in the grant/loan awarded to the applicant or are directly paid by the Council to the contractor.

Table 1

Work	Current Pricing	CONTRACTOR			
		Contractor A	Contractor B	Contractor C	Contractor D
DFG Fees *	10%	14%	14%	12%	12.5%
Annual admin fee for PSR programme **	£2000	£7,500	£8,500	£8,500	£6000
Fee per Equity Release loan*	£ 300	£150	£430	£400	£150
Set up fee for repayment loan*	£80	£150	£80	£100	£200
Annual fee for repayment loan*	£70	£50	£70	£60	£50
Fee per PSR grant*	10%	10%	10%	12%	10%

* Fee payable by the client but included in the grant/loan.

** Fee payable by the Council.

5.10 To give members an indication on the level of work the HIA undertakes, in 2012-13 the disabled facilities grants (DFG) and private sector renewal (PSR) budgets are –

DFG £406,000

PSR £100,000

The DFG budget is made up of funding from the Council and the Department of Communities and Local Government (DCLG). For this years budget has been made up of £126,000 for the Council and £148,000 from DCLG. In addition towards the end of 2011 – 12 the Council received £150,000 from the PCT to undertake DFG's. This additional funding enabled the Council to carry forward the under spend from this budget into this years allocation, consequently the overall budget for DFG's for 2012-13 is higher then usual. In 2011-12 54 disabled facilities grants were completed by the HIA.

5.11 Bids were submitted from four contractors and each tender was assessed on both service delivery (60%) and price (40%) for both the Countywide service and the specific requirements of the district councils.

Based on this assessment process the following total scores were determined

Company	Allocated Points
Contractor A	66.95

Contractor B	84.65
Contractor C	65.55
Contractor D	86.92

Contractor D scored the highest overall based on the financial assessment and the quality of the service provision.

6 Legal Issues

- 6.1 The provision of Disabled Facilities Grants is a mandatory service. Whilst it is not mandatory to provide financial assistance to enable home owners to carryout repairs to their properties, the Council does have a mandatory duty to ensure that homes are free for category one hazards in accordance with the Housing Act 2004. If assistance is not available through the HIA to encourage home owners to carryout essential repairs it could result in the Council having to take more enforcement action against vulnerable home owners.
- 6.2 Due regard has been paid to Health & Safety at Work and Equal Opportunities in respect of the evaluation and assessment of the tender submissions. There are no TUPE implications for the Council in this process.

7 Resource Issues

- 7.1 For the majority of the services provided by the existing contractor, there is no core funding from the district council; however there is an annual fee of £2,000 for the delivery of the council's loan and equity release scheme. In previous years this has been funded through the decent homes money however this budget is no longer available as it has been fully committed and no further funding will be available through this scheme. For the loans and equity release service to continue a budget of £6000 will be required.

8 Equality Impact Assessment Implications/Outcomes

- 8.1 An equality impact assessment was carried out in March 2011 which concluded that the provision of a HIA service would have a positive impact on client groups such as the elderly and disabled residents in the district. Awarding the contract to maintain this service for a further three years will ensure the continuation of the benefits for the elderly and disabled residents.

9 Impact on the Organisation

- 9.1 The continued support of the Home Improvement Agency will enable the Council to work towards the objectives set out in the Council's Housing Strategy – A Home for All and the Council's key priority *"to support the vulnerable in our society at the heart of the community where they live"*.
- 9.2 This report was on the forward plan to go to the Executive meeting in September 2012 however during the procurement process it became apparent that the successful contractor would need a longer lead in time before the

commencement of the contract in October 2012 consequently it was necessary to bring forward the report to this meeting.

10 Community Safety Implications

10.1 None identified

11. Carbon Management Implications

11.1 None identified

12. Risk Management Implications

12.1 The Disabled Facilities Grants are mandatory. The additional resources a HIA can provide will ensure better business continuity and service delivery. From April 2011 county service standards for the delivery of Disabled Facilities Grants were introduced which provide a challenging framework but have resulted in improved timescales for the implementation of adaptation measures for referral received after the 1st April 2011. This reduces the likelihood of challenge by grant applicants on the local authority for the provision of this service.

12.2 The successful contractor has identified additional measures and improvements to the service which could be implemented during the lifetime of the contract which could reduce the waiting times even further.

12.3 The successful contractor proposes to have a base at Market Harborough so there will be a continued local presence of the HIA in the area.

13 Consultation

13.1 The Portfolio Holder has been advised on the outcome of the procurement process.

14 Options Considered

14.1 The following options have been considered –

- **Cease providing grant assistance to disabled residents and vulnerable homeowners.** This option was not considered further as the Disabled Facilities Grants are mandatory and the provision of assistance to vulnerable households to carry out repairs to their property reduces the enforcement burden on the local authority.
- **Bring the service in house.** Rather than awarding the contract to the successful bidder an option to bring the service back in house was considered. There would however be resource implications as the Technical Officer post currently seconded to the Home Improvement Agency works 0.5FTE in this role. If the service was brought back in house there would be a significant impact on the service delivery and

time frames for the completion of works due to the reduction in the staffing resources available to undertake this work. In addition to the seconded member of staff, the agency also provides a technical officer, caseworker and admin support for the delivery of the service. In addition to the delivery of the DFG programme, the HIA also administers the Council's private sector housing renewal programme including the delivery of loans and equity release and bringing the service in house will lose this expertise.

- **Reject the outcome of the joint commissioning exercise with the County Council and undertake a further tendering process for the delivery of the service for HDC only.** This option was not considered any further as the costs of undertaking a further procurement process would be prohibitive and in addition the bid would not be a viable option for any supplier without the Supporting People funding from the Council
- **Approve the outcome of the joint commissioning exercise with the County Council and appoint the successful bidder to undertake the HIA service on behalf of the Council.** A single supplier across the County will provide economies of scale and ensure a consistent approach. In addition a single supplier will have greater business resilience for the delivery of the service. Undertaking a joint procurement has meant that the costs of this process have been kept to a minimum.

15 Background Papers

15.1 None

Previous report(s): Report to the Executive Committee of the 19th December 2011.- **Update on the Home Improvement Agency Contract.**

Information Issued Under Sensitive Issue Procedure: Y/N

Ward Members Notified: N/A