

Report of the Director

Home Improvement Agency Fees

1 Purpose of report

- 1.1 To seek a decision to increase the fee to Spire Homes (LG Ltd) for care and repair services.

2 Executive Summary

- 2.1 Spire Homes (LG Ltd) currently deliver the care and repair service on behalf of the Borough Council of Wellingborough to manage the delivery of Disabled Facilities Grants (DFGs). Spire Homes has reported that they are unable to continue the delivery of the service in 2018/19 at the current level of fees.

3 Appendices

None

4.0 The committee is invited to RESOLVE to

- 4.1 Increase the fee for each completed job to 15% of the net build cost per job plus vat to be met through the Disabled Facilities Grant capital grant budget.**

5 Introduction

- 5.1 Spire Homes (LG Ltd) Care and Repair (C&R) has provided home improvement agency services to the council since 2005. The majority of the council's disabled facilities grant applications are undertaken by C&R through design, tendering, supervision of works and case worker support.

- 5.2 The C&R service is commissioned through the county council's former supporting people programme and revenue funded per annum as follows:

5.2.1 NCC

£61,897 (contract novated to First for Wellbeing CIC Ltd until 1 October 2018, extended for periods between 6 months and 2 years and delivered through the Commsortia contract) for the provision of ad hoc repairs and maintenance to properties and do not relate to home adaptations that are separately funded under DFG funding paid to the boroughs.

5.2.2 **BCW Revenue:**
£2,250 (contingency funds for abortive costs when works do not proceed)

5.2.3 **BCW Capital:**
Fees of 8% claimed by C&R with approval delegated to the head of finance to agree a fee of between 10-12% (resources committee September 2013).

5.3 The council has a service level agreement dated 2005 with Spire Homes (LG) Ltd for the provision of a home improvement agency which sets out the aims, service standards, duration and termination. The council does not have a formal contract, with NCC or Spire Homes.

6 Discussion

6.1 C&R advise the current level of fees at 8% does not cover the full delivery costs of the service. The fee has not increased since when the service level agreement was introduced in 2005 and the delegated approval was not required as the service was viable with the funding it received through supporting people and other contracts. However the funding has reduced and is likely to be withdrawn over the longer term whilst the costs have increased due to works not going ahead.

The table below shows the fees charged by C&R over the last 3 years.

BCW	Cost of DFGs completed by C&R including 8% fees	Fees of 8% claimed by C&R
2015/2016	£418,000	£33,440
2016/2017	£343,000	£27,440
BCW Forecasted spend 2017/18 on C&R cases	£276,000	£20,080

6.2 C&R have reported the current annual staffing and costs for work completed in relation to the delivery of DFG grants for the Borough Council of Wellingborough are as follows:

Staffing	Hours	Costs (including NI, Pensions & Travel)
Technical Officer	29	£35,829
Administrator	5	£2,817
Management	7.25	£4,173
Total	41.25	£42,820

These figures are based on the work undertaken on behalf of the Borough Council of Wellingborough up to the end of quarter 3 2017/18.

6.3 The costs of increasing the fees are shown below:

BCW	Cost of DFGs completed by C&R including 8% fees	Fees of 12% claimed by C&R	Fees of 15% claimed by C&R
BCW Forecasted spend 2017/18 on C&R cases	£276,000	£33,120	£41,400

6.4 **Option 1: 12% fee**

Based on this year's figures this would mean a total projected capital cost of £33,120 (excluding VAT). This cost would be met through the DFG capital grant budget, however based on abortive fees for 2016/2017 of £4.5k, an additional sum of £5,000 would need to be set aside and would need to be met through revenue funding.

6.5 **Option 2: 15% fee**

Based on this year's figures this would mean a total projected capital cost of £41,400 (excluding VAT). This option would require no revenue budget to be made available for abortive costs.

6.6 It is recommended an increase in fee for each completed job to 15% of the net build cost per job plus vat to be met through the disabled facilities grant capital budget. This will allow for the full cost of the service to be met through the DFG capital funding allocation from government with no additional revenue implications to the council.

6.7 Following this agreed arrangement for 2018/19, there is a need to review options for providing a service long term. Options are currently being considered for future delivery of the disabled facility grant service; which will consider shared service arrangements, providing from within the existing service and external procurement. The service level agreement from 2005 is not compliant with current procurement rules but advice has been sought from Welland Procurement on this issue.

6.8 Therefore it is recommended that members agree the 15% fee for the year 2018-19 and that a full and comprehensive options appraisal for the service delivery will be undertaken within this time.

7. **Legal Powers**

7.1 The legal powers are contained with the Housing Grants, Construction and Regeneration Act 1996. The council will require an agreement for 12 months to deliver the service at an increased fee. Welland Procurement have been consulted regarding this agreement and have advised that this contract would be compliant with procurement legislation providing the next 12 months are proactively used to put in longer term arrangements.

8. Financial and Value for Money Implications

- 8.1 15% fees would provide certainty for C&R and the council to deliver DFG services for 2018/19 without a revenue contribution set aside for abortive costs.

9. Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Failure to deliver the service	Failure to deliver statutory responsibility	Low	An agreement on the costs to deliver the service throughout 2018/19 would ensure that the council meets its statutory responsibilities whilst future options are considered.
Capital budget overspend caused by increased costs	Commitment of financial budget beyond the government allocation	Low	The DFG budget is currently underspent, therefore an increase in spend would likely not cause an overspend. Government has committed to increase the allocation of funding each year until at least 2020. The budget is also monitored regularly to ensure the budget is not overspent.

10. Implications for Resources

A delay in the delivery of disabled facilities grants would likely result in a significant underspend against the relevant capital budget.

11. Implications for Stronger and Safer Communities

No specific implications.

12. Implications for Equalities

Failure to provide a home improvement agency service, even for a short period of time, would likely cause delays in the delivery of critical and urgent disabled facilities grant recommendations, which would unfairly affect disabled residents in the borough.

13. Author and Contact Officer

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14. Consultees

Liz Elliott - Director

Clare Ellis – Welland Procurement

Vicki Jessop – Assistant Director

Patricia McCourt – Assistant Principal Housing Officer

Julie O’Connell – Accountancy Team Leader

Samantha Knowles – Assistant Director

Julie Thomas – Director

15. Background Papers

Northamptonshire County Council, Commissioning of Public Health, Item 07, First for Wellbeing and Adult Social Care Services, Cabinet Report and appendix 1, 12 July 2016

<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2676/Committee/399/Default.aspx>

