

Housing & Growth Committee

20th January 2020

Title	Private Sector Housing fee increases above inflation for 2020/21 – Proposed new fees for Disabled Facilities Grant Administration
Report of	Chairman of the Housing & Growth Committee
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1 – Proposed new fees for Disabled Facilities Grant Administration from 1 st April 2020/21
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Summary

This report seeks to obtain approval for proposed Home Improvement Agency activity related fee increases for 2020/21 to support the Commissioning Business Plan, and delivery of the front-line service within the Private Sector Housing Team in Re.

Officers Recommendations

That the Housing & Growth Committee review this report, and the proposed fee increases for 2020/21 as set out in Appendix 1 and refer to Policy and Resources Committee for approval.

1. WHY THIS REPORT IS NEEDED

- 1.1 Fees and charges are reviewed on an annual basis to ensure that the costs of chargeable services are covered and the Council is achieving value for money. This report sets out the proposed fee increases above inflation for services provided by the Private Sector Housing Team in Re.

Home Improvement Agency Administration Fees

- 1.2 Currently, a fee of 12.5% is levied for the assisted Disabled Facilities Grant application process with a minimum fee of £162.90. It is proposed that a sliding scale of rates is introduced which varies according to cost of the work and the minimum fee be increased as described in Appendix 1. Similarly, for the full Home Improvement Agency service where a sliding scale already exists, it is proposed to amend the sliding scale and increase the minimum fee again as described in Appendix 1.
- 1.3 The flat rate fee of 12.5% has been in place for over three years. It is felt that an increase of this flat rate by a half or a whole percentage point, would have a disproportionate impact on the income earned for the more expensive and extensive works and would not fairly reflect the amount of work involved in these cases by officers.
- 1.4 Fees are paid from the grant awarded to the grant recipient. The statutory maximum for a Mandatory Disabled Facilities Grant is £30,000, which means under the current regime, those in receipt of the maximum grant are charged £3,750 for the assisted service, leaving only £26,250 to fund the works. For the full Home Improvement Agency service, a levy of 17.5% of the work currently applies which for again a £30,000 grant leaves £24,750 to be spent on the work.
- 1.5 It is proposed to reduce the fees for more expensive grants, which would mean that for a £30,000 grant, £27,000 would be available for assisted cases and £25,500 for full home improvement agency service.
- 1.6 Fee income from grants forms guaranteed income for Re and the Council. To ensure there is no decrease in income to the council, the fees on lower value grants would be increased, up to a maximum of 15% for assisted applications and 20% for the full service. Using figures from the first two quarters of 2019/20 and all of 2018/19, the proposed fee structure would result in an increase to fee income in the region of 3.4% which is within the inflationary increase permitted. The sliding scale will also more accurately reflect the actual amount of work carried out by the Home Improvement Agency as part of the grant process, meaning that those in receipt of larger grants are not subsidising those who receive smaller grants – every grant recipient would be charged a fee that more accurately reflects the cost of the service provided.
- 1.7 It is proposed to increase the minimum fee from £162.90 to £250, an increase of 53.6%. The minimum fee is charged for cases where the value of the work is small. Currently the cost of the work must be greater than £1,303.21 to exceed the minimum fee. By increasing the minimum fee to £250, the cost of the officer time involved is more accurately reflected and the cost of the work would have to be greater than £1,666.67 for a higher fee to be charged under the proposed revised fee structure.
- 1.8 For certain types of adaptations, typically but not limited to stairlifts, step lifts and through floor lifts funded via a Mandatory Disabled Facilities Grant, an extended warranty is

purchased. Currently the cost of the extended warranty is excluded from fees and it is proposed that this remains unchanged.

2 REASONS FOR RECOMMENDATIONS

- 2.1 It is recommended that the Housing & Growth Committee consider the proposed fee increases for 2020/21 as it is considered good practice to review fees and charges to ensure that the costs of providing the services are recouped.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The alternative approach would be not to review these fees. This is not however considered to be good practice and would potentially expose the Council to the risk of not recovering the costs of the provision of the service, or potentially, over recovering. This would not be appropriate where the basis for charging is limited to cost recovery.
- 3.2 Given the financial pressures currently faced by the Council the only viable option for continuing to provide services is to levy an appropriate fee or charge.

4 POST DECISION IMPLEMENTATION

- 4.1 If the Committee is minded to approve the recommendation then the fees and charges will be posted on the Council's website and, if a statutory duty requires it, advertised in the approved publication and appropriate location. The new fees and charges will be implemented from 1st April 2020.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Corporate Plan 2019-2024 is based on three main outcomes:

- A pleasant, well maintained borough that we can protect and invest in
- Our residents live happy, healthy, independent lives with the most vulnerable protected
- Safe and strong communities where people get along well.

Each outcome has a set of key priorities underneath it. Of relevance to the fees considered in this report are:

- Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents
- Ensuring that good landlords continue to provide accommodation and that poor quality housing is improved.
- Supporting our residents who are older, vulnerable or who have disabilities, to remain independent and have a good quality of life

The plan also commits to:

- managing finances and contracts robustly
- providing value for money for the taxpayer and ensuring we are transparent in how we operate

5.1.2 Fees and charges need to be reviewed to ensure value for money and cost recovery. The Fees and Charges review is a means of ensuring that net costs are kept under control.

5.1.3 Keeping well and promoting independence are part of the overarching vision detailed in the Health and Wellbeing Strategy. One of the key themes of the strategy is how we live and wellbeing in the community. Disabled Facilities Grants improve the wellbeing and promote independence of the less able in the community and facilitate their care at home, often without increasing demand on the Council's care provision.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 **Finance & Value for Money:** Members and the general public expect high quality services that provide value for money. The review of fees and charges ensures that sufficient resources are made available to manage and prioritise those expectations.

5.2.2 All fees and charges will ensure effective cost recovery for delivering the service; prices listed do not include VAT, which will only be charged where indicated. Fees for the Care & Repair service do attract VAT at the standard rate.

5.2.3 The Constitution requires that all new charges and charges that are proposed to be increased by more than inflation plus 2%, are agreed by the relevant Theme Committee and also reported to Policy and Resources Committee for noting. CPI annual inflation for July 2018 was 2.5%.

5.2.4 **Procurement:** At this time there are no procurement implications.

5.2.5 **Staffing:** At this time there are no staffing implications.

5.2.6 **Property:** At this time there are no property implications.

5.2.7 **IT:** At this time there are no IT implications.

5.2.8 **Sustainability:** At this time there are no sustainability implications.

5.3 Social Value

5.3.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. This report ensures that services being provided to improve the health and well being of residents are done so through fees which adequately cover the cost of service delivery.

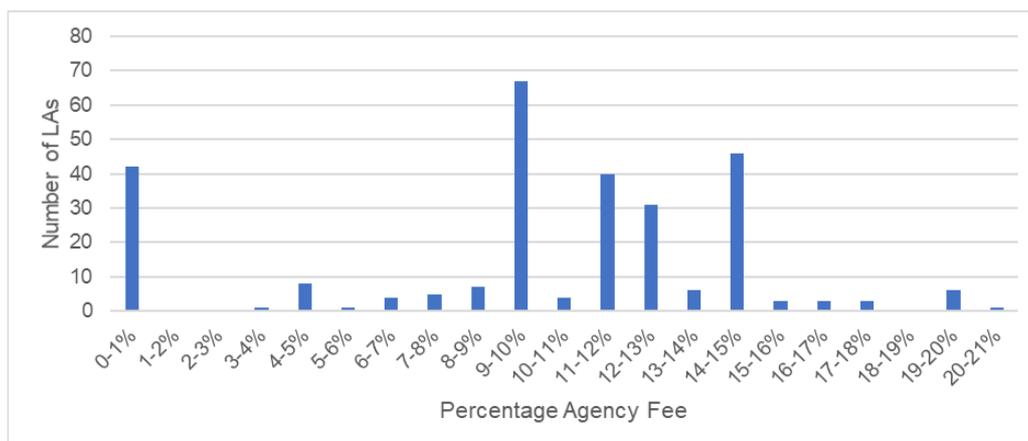
5.4 Legal and Constitutional References

5.4.1 Local authorities have a variety of powers to charge for specific statutory services set out

in statute. The Local Government Act 2003 also provides a power to trade and a power to charge for discretionary services, the latter on a cost recovery basis. Discretionary services are those that a local authority is permitted to provide under statute but is not obliged to do so. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

- 5.4.2 Additionally, the Localism Act 2011 provides local authorities with a general power of competence that confers on them the power to charge for services but again these are subject to conditions/limitations similar to those noted above.
- 5.4.3 Where a local authority has a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard. Should a request be made, however, for delivery above and beyond that standard, this may constitute a discretionary service for which a charge could be made.
- 5.4.4 There is a variety of legislation permitting charging for different services, some of which set prescribed fees and charges (or the range of charges for a given service), and others which allow discretion based on costs of providing the service.
- 5.4.5 Article 7 of the Council's Constitution, 'Committees, Forums, Working Groups and Partnerships' sets out the terms of reference of the Housing & Growth Committee including commissioning of environmental health functions for private sector housing and responsibility for housing grants. It also has responsibility for recommending for approval fees and charges for those areas under the remit of the committee.
- 5.4.6 Article 7 also states that Policy and Resources Committee are responsible for determining fees and charges for services which are the responsibility of the committee and to note decisions taken by theme committees.
- 5.4.8 When a Disabled Facilities Grant is awarded, the grant can include the cost of the work itself, as well as ancillary costs incurred in carrying out the work, which may include specifying and tendering for the work; selecting contractors; obtaining all necessary consent, project managing the delivery of the works and quality controlling the work on behalf of the client. A full list of what can be included as an ancillary cost is contained in The Housing Renewal Grants (Services and Charges) Order 1996. A grant applicant is under no obligation to use the Home Improvement Agency Service (HIA) provided by the council, and can use external suppliers to provide a similar service. Should an applicant choose to use Barnet's Home Improvement Agency Service, fees will be charged at the rates described in Appendix 1. If an applicant chooses not to use Barnet's HIA, then ancillary costs can still be included in the grant award subject to the council be satisfied that the costs incurred are reasonable. The council is not permitted to charge fees for any statutory duties it carries out with regard to Mandatory Disabled Facilities Grants, such as approving the grant award and making payment of the grant.
- 5.4.9 Foundations, a charity appointed by the Ministry of Housing, Communities & Local Government to oversee a national network of nearly 200 home improvement agencies

across England, found in their report of December 2018 “Disabled Facilities Grant (DFG) and Other Adaptations –External Review” that the fees charged by councils and home improvement agencies across the country varied as shown in the graph below. The proposed changes to the fee structure are not out of place to those reported in 2018.



5.4.11 A recent benchmarking exercise (October 2019) of fees charged by councils and home improvement agencies for assisting grant applicants across London found that from the fourteen who supplied information, four charged fees of 20% with the remaining ten charging above 15%. Barnet therefore charge the lowest fees, and the proposed change would keep Barnet’s fees low compared to the fourteen that replied. Informal discussions with both Foundations and other London authorities have been favourable of the proposed sliding scale.

5.5 Risk Management

5.5.1 The fees proposed within this report are based on recovery of costs incurred by the Council. Efforts have been made to limit the charge increases and consideration has been given to the charges adversely affecting demand for the services as well as the need to recoup the cost of providing the service. There will nonetheless remain an element of reputational risk and challenge.

5.6 Equalities and Diversity

5.6.1 The Corporate Plan 2019-2024 contains a commitment to treating residents equally, with understanding and respect, with all having access to quality services. Changes to policies and services are analysed in order to assess the potential equalities impacts and risks and identify any mitigating action possible before final decisions are made.

5.6.2 Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty which requires public bodies to have due regard to the need to:

- eliminate discrimination, harassment and victimisation and other conduct prohibited by the Act
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not
- foster good relations between persons who share a relevant protected characteristic and persons who do not

5.6.3 The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

5.6.4 The proposed fees and charges have been reviewed against the protected characteristics and it is considered that there will not be any specific adverse impact on any of the groups.

5.6.5 It is considered that the assisted application process and the full home improvement agency service provided for grant aid, facilitates applications and adaptations for those who may otherwise be overwhelmed by the work required and thus not engage in the process and forgo the opportunity to improve their living conditions.

5.6.6 In addition, there are potential benefits arising from the increased choice of high quality, well-managed adapted housing.

5.7 Corporate Parenting

5.7.1 The decision required by this report could have a direct impact on looked after children and care leavers if they require a disabled facilities grant.

5.8 Consultation and Engagement

5.8.1 The fees and charges will be reviewed by Policy and Resources Committee and will be included within the Council wide budget consultation.

5.9 Insight

5.9.1 Whilst benchmarking data has been considered the fees contained in this report are based on internal data relating to work processed per officer and the associated costs.

6 BACKGROUND PAPERS

none

Appendix 1 – Proposed new fees for Disabled Facilities Grant Administration from 1st April 2020/21 – Note any charge increase less than 4.5% (2% plus estimated 2.5% inflation) is being dealt with via DPR).

	Current Fee Structure	Proposed Fee structure	Statutory Basis for Charging	Basis of charging
Full Home Improvement Agency service	Up to 17.5% of the cost of the building works, or up to 15% of the cost of the building works if the cost of the work is above £75k and up to 10% if the cost of the work is over £100k. Minimum fee £162.90	Fees based on sliding percentage rate of cost of works (excluding extended warranties), with splits at; less than £10k - 20% less than £15k - 19% less than £20k - 17% less than £75k - 15% more than £75k - 12.5% Minimum fee £250 (ex VAT)	The Housing Renewal Grants (Services and Charges) Order 1996	Statutory Discretionary Cost Recovery
Assisted grant process	Up to 12.5% of the cost of the building work. Minimum fee £162.90	Fees based on sliding percentage rate of cost of works (excluding extended warranties), with splits at; less than £10k - 15% less than £15k - 14% less than £20k - 12% more than £20k - 10% Minimum fee £250 (ex VAT)	The Housing Renewal Grants (Services and Charges) Order 1996	Statutory Discretionary Cost Recovery