

PURPOSE: Key decision

MEETING: Cabinet

DATE: 04 October 2022

TITLE	Flexible-level supported homelessness accommodation service (Temporary Accommodation Services)		
Ward(s)	City Wide		
Author: Joe Wheeler		Job title: Subject Matter Expert	
Cabinet lead: Cllr Tom Renhard Cabinet Member for Housing Delivery and Homes		Executive Director lead: Stephen Peacock Executive Director of Growth and Regeneration	
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: To approve procurement of a flexible multi-level supported housing service for citizens without dependent children, who are homeless or threatened with homelessness where the Council has a legal duty to provide accommodation.			
Evidence Base: 1) Introduction This paper describes one of a suite of initiatives under consideration or being developed to reduce the Council’s Temporary Accommodation (TA) overspend. Other initiatives include amendments to the Supported Families Accommodation Framework (SFAF) and further utilisation of Block Contracts. 2) Homelessness pressures in Bristol The pressures of homelessness continue to rise in Bristol, and the number of placements in TA is now more than 40% higher than pre-pandemic. Due to a lack of supported and affordable move on accommodation, clients are spending longer in costly and non-supported TA. Non-supported accommodation for newly homeless clients is an unsatisfactory option, with recent needs analysis (appendix 1C (a)) showing that clients assessed residing in TA presented with low, medium, or high support needs. Leaving these needs unmet leads to poor outcomes and lengthier stays in expensive and non-supported TA. BCC currently procures approx. 295 TA units from a spot purchase framework of private landlords and Registered Providers (RPs) for single clients, and this accommodation is provided to homeless clients without any type of support service. The main issue with TA is that central government disincentivises this approach through a subsidy regime based on the Local Housing Allowance (LHA), applicable at January 2011. The spot purchase framework is expensive, as it is delivered to a price matrix on the premise that providers deliver accommodation on demand, and at short notice, with a high turnover of lets. This framework has grown as, each time it reaches capacity, framework providers bring on additional units to meet growing demand. Because the framework is fully utilised, there is no incentive for providers to lower prices, as full occupancy removes price competition. 3) Single and Family Homelessness			

This paper is focusing on single client homelessness, however there is a lot of activity surrounding providing better temporary accommodation solutions for families. We took a paper to cabinet (Appendix A) on 02/11/21 to expand our family supported framework, however we have had limited interest from RPs because of the limits to rents possible on the framework which prevents RPs bringing properties that are leased without making a financial loss. We are currently amending the SFAF to enable RPs to bring leased properties using the same techniques described in this paper.

4) The framework proposal

The new framework will enable partner RPs to deliver creative and innovative solutions for single homelessness clients who are currently placed in non-supported TA by providing a commissioned support service, and will enable a full cost recovery model allowing access to open market properties. A bespoke framework agreement will be developed to fully mitigate risks and prohibit exploitation of the housing benefit scheme. BCC would not commission any services that do not meet specific criteria regarding rent and service charges, accommodation standards and provision of quality housing-related support.

We present a viable alternative where support is provided to homeless clients, and the full cost of accommodation is recovered through housing benefit, where the landlord and support provider are an RP. This new service would aim to replace a significant proportion of expensive spot purchased TA through an efficient subsidy model known as 'supported exempt accommodation'. This would complement the existing Preventing Homelessness Accommodation Pathways for adults (aged 22+, without dependents) which currently provides a total of 876 units across 4 levels of support: high, high-medium, medium, and low, and the SFAF.

We have undertaken soft market engagement with three local RPs, who are enthusiastic about the framework and its opportunities for homeless clients. We have already received commitment from one local RP to transfer its family supported accommodation to the amended SFAF, with the RP also being keen to bring units to this new supported accommodation framework for singles and couples. This is a fundamentally different framework compared with the TA framework: for TA, BCC procures the housing whereas under this proposal BCC is procuring the support service. The housing is arranged and delivered by our partner RPs as a feature of the framework contract.

We estimate this proposal could deliver £1.49 million of savings pa by Year 4 on the basis of 50 units of new supported accommodation brought online each year, in addition to providing an improved quality of service to homeless clients who currently reside in non-supported TA.

5) Oversight for standards, quality and value for money

Nationally, 'exempt accommodation' has received some negative press because the provision has been exploited by some landlords. Since 2011, Bristol City Council has taken a strong corporate approach to 'exempt accommodation' through a robust and experienced housing benefit policy team, who continue to ensure that proposed 'exempt accommodation' schemes meet the criteria set out in the law. Exploitation of 'exempt accommodation' occurs almost exclusively in 'non-commissioned' services. These are services where the landlord has not been commissioned to provide housing and support by their Local Authority. Exempt accommodation issues such as those that have developed in Birmingham, and which have been reported in the national press, are not possible under the proposed housing with support commissioning framework.

The issues in Birmingham relate to non-commissioned housing services. As commissioners, we fund the support services that enables 'specified exempt accommodation' status, and without this commissioned support service, accommodation would not be accepted onto the framework. Framework conditionality gives BCC oversight of the quality, rent and service charges. For example, the framework could stipulate that BCC will only commission a service if it is fully compliant with the Regulator of Social Housing's legislative criteria and rent policy statement. BCC will be able to reject schemes and services that do not comply with framework criteria, enabling full control over quality, rents and service charges.

Bristol City Council is proposing to commission RPs to provide exempt accommodation – put simply, this is accommodation with support. The service specification, which is yet to be developed, will contain safeguards ensuring that rents and service charges are reasonable, accommodation standards are good, and support services provided are of a good quality. These proposals to commission flexible supported exempt accommodation for singles and couples has been endorsed by Bristol East MP Kerry McCarthy. One of Kerry’s key interests is raising the standards of supported exempt accommodation and preventing exploitation of these regulations.

6) Non-RPs on the framework

There may be an opportunity in the future to open up the framework to non-RPs, such as charities and voluntary organisations, that work in the housing and homelessness sector. Such organisations do contribute accommodation to existing commissioned services but, because they are not RPs regulated by the Regulator of Social Housing, some subsidy loss would be incurred on top of the cost of procuring the support service. This type of subsidy loss is different to TA subsidy loss, and a worked example is shown in the below table (weekly figures):

Landlord type	Eligible rent	Subsidy received (rent officer)	Notional cost of support service	Total cost to BCC	TA Subsidy Loss (for comparison)
Registered Provider	£275	£275	£50	£50	£165.96
Charity, voluntary	£275	£190	£50	£135	£165.96

7) Service Specification

The service specification will provide detail in respect of support service standards and expectations, accommodation type and quality standards, and framework regulation of rents and service charges, prohibiting exploitation of the housing benefit scheme.

The specification will ensure that:

- The right type and quality of accommodation is provided to people once they have become homeless
- Support is provided at an appropriate level for each personal circumstance
- A focus on move-on and resettlement, tenancy sustainment, homelessness prevention and positive service user outcomes
- Effective service monitoring arrangements and key performance indicators
- Commissioning tripartite toolkit between RP, commissioners and housing benefit, ensuring reasonable rents and service charges – with BCC commissioning support while retaining control over housing quality and cost.
- Strong, balanced and fair contractual arrangements between BCC and RPs in respect of accommodation supply and support delivery.

This service specification will be developed on a bespoke basis to reflect the dynamic nature of supported accommodation for newly homeless individuals and the utilisation of the Temporary Social Housing rent exemption. We will tender the framework to expire on 31/03/2026, so that we are able to recommission at the same time as the SFAF. This will enable BCC to combine the two frameworks into one overarching flexible-level supported accommodation framework at that point.

On the basis of providing a support service to 150 clients at £2,600 per client per annum, the proposed maximum contract value for the 3.5 years until recommissioning on the basis of a low support service is c. £400k

8) Framework Implementation Plan

The Supported Housing Delivery Board will have oversight of delivery and includes both Executive Directors from People and Growth and Regeneration. The objective is to secure 50 units of accommodation each year for the first

three years.

The project team will work with commissioners to develop the service specification, detailing precisely what services BCC is to procure. In parallel, the project team will work with procurement and legal to develop the framework and contractual arrangements between BCC and the RPs. This work can be undertaken immediately and is expected to take approximately three months.

We will stimulate the market through promotion, marketing, and engagement activity with RPs, detailing how the procurement exercise will work with the objective of delivering 50 new units of supported accommodation on a city-wide basis per annum. We are working with Housing Strategy and Enabling colleagues to thoroughly promote the framework and we are confident in delivery.

Initially, the project team will work with and support RPs to source, acquire and develop suitable properties that meet the framework conditions, and required property standards, so that properties can be brought online swiftly after the tender has closed and contracts have been awarded.

Resources will be required to provide ongoing commissioning expertise and contract management, which would comprise of a commissioning manager, and a commissioning officer.

Recommendations:

That Cabinet:

1. Authorises the Executive Director of Growth and Regeneration in consultation with Cabinet Member for Housing to take all steps required to procure and award the contract(s) necessary for the implementation of flexible supported exempt accommodation framework until 31 March 2026 as outlined in this report.
2. Authorises Executive Director of Growth and Regeneration to invoke any subsequent extensions/variations specifically defined in the contract(s) being awarded, up to the maximum budget envelope outlined in this report.

Corporate Strategy alignment:

The scheme will reduce the costs to the council, by reducing the number of temporary accommodation units in use and instead delivering additional supported accommodation through partner RPs to vulnerable homeless clients. The proposed commissioning framework will enable the standard of accommodation to be raised, while reducing the direct cost of provision to BCC.

City Benefits:

The proposal, if approved, will benefit the city in several ways:

- It will enable commissioning of homelessness accommodation on a 100% subsidy recovery basis through housing benefit, making a significant reduction to the overall £9.3 million per annum current spend on housing benefit subsidy shortfalls.
- Enable the majority of the Homelessness Prevention Grant to be spent on prevention services.
- Enable BCC to deliver a valuable and flexible housing related support service to vulnerable homeless clients.
- Develop a broader range of safe and secure housing options.
- Enable significant delivery of year-on-year cash savings to BCC's General Fund.
- Reduce reliance on expensive private sector provided TA.
- Ensure that BCC achieves best value in its spending, while enabling improved quality in service delivery.

Consultation Details: N/A

Background Documents: None

Revenue Cost	£ NA	Source of Revenue Funding	Flexible Homelessness Support Grant
Capital Cost	£ NA	Source of Capital Funding	NA
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

1. Finance Advice:

The report seeks authority to setup contracts with Registered Providers (RPs) to provide support for singles currently in 1 bed self-contained accommodation. As part of the contract housing is arranged and delivered by RPs and Council pays for the support. This will result in zero subsidy loss to the Council as explained in the paper.

The current budgeted subsidy loss is £5.4m and as at Period 4 the total estimated subsidy loss was £9.3m (include all client & accommodation groups). The proposal in this paper aims to mitigate some of the subsidy pressure.

There are circa 300 clients in 1 bed self-contained accommodation costing approximately £2.5m subsidy loss per annum. The rest are house in 2-4 bedrooms accommodation.

The plan is to transfer most expensive placements to supported housing in year 1 to the lower cost by year 3.

Please note that current proposal is based on transferring a minimum of 150 clients and more clients could be transferred depending on client needs and cost effectiveness.

The proposal is expected to achieve net savings of c£1.5m over 3-4 years (worst case). Please see table 1.

As table illustrates, 50 clients will be transferred to supported accommodation every year providing savings in subsidy loss of £0.87m in year 1, increasing it to £1.9m by year 4 (before allowing for costs). It assumes 5% increase in subsidy loss from year 2 to 4. This will be offset by total support cost of £0.45m over 3 years based on £50 per week per client with 5% inflation uplift.

The potential savings is dependent on the support for single clients being fully delivered. The contract length and support care cost are yet to be finalised, therefore there is currently unquantified risk around the feasibility of the proposals.

These benefits will be assumed in the MTFP from 2023/24 subject to Cabinet approval.

Table 1 - The Subsidy Loss and Support Contract cost for 1 bed self-contained accommodation

	Year 1	Year 2	Year 3	Year 4 (Established with 150 clients)
New Clients	50	50	50	0
Cumulative clients	50	100	150	150

Subsidy Loss (as is currently incurred)	Year 1	Year 2	Year 3	Year 4*
Weekly Subsidy loss	£333.75	£228.20	£149.38	N/A
Total annual subsidy loss not incurred	£867,761	£1,461,071	£1,849,465	£1,941,938

Support service contract cost (to be procured)	Year 1	Year 2	Year 3	Year 4**
Weekly Cost per client	£50	£53	£55	£58
Total annual support contract cost	£130,000	£266,500.00	£409,825.00	£451,474
Total annual net savings	£737,761	£1,194,571	£1,439,640	£1,490,465
<ul style="list-style-type: none"> Figures are illustrative and will depend on the actual numbers placed each year, which will be accelerated to ensure the service mitigate the current cost pressure. 				
Note *The 5% inflation applied to cumulative Subsidy loss in year 4. **The 5% inflation applied to weekly cost in year 4.				
Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, Growth & Regeneration, 15 th September 2022				
2. Legal Advice: The procurement process must be conducted in line with the 2015 Procurement Regulations and the Councils own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.				
Legal Team Leader: Husinara Jones, Team Manager/Solicitor 16 September 2022				
3. Implications on IT: I can see no implications on IT in regards to this activity.				
IT Team Leader: Gavin Arbuckle – 12 th August 2022				
4. HR Advice: No HR implications				
HR Partner: Chris Hather – 10 th August 2022				
EDM Sign-off	Stephen Peacock, Executive Director of Growth and Regeneration			17 th August 2022
Cabinet Member sign-off	Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homes Cllr Craig Cheney, Cabinet Member for City Economy, Finance, and Performance			15 th August 2022 21 st September 2022
For Key Decisions - Mayor's Office sign-off	Mayor's Office			5 th September 2022

Appendix A – Further essential background / detail on the proposal Supported Family Framework and Contracts Extension (bristol.gov.uk) Corporate Strategy 2022-27 (bristol.gov.uk)	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	No
Appendix J – HR advice	NO

Appendix K – ICT	NO
Appendix L – Procurement	NO