

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 06 February 2024

<b>TITLE</b>	Recommissioning of adult homelessness supported accommodation pathways
<b>Ward(s)</b>	City Wide
<b>Author:</b> Paul Sylvester	<b>Job title:</b> Head of Service, Housing Options
<b>Cabinet lead:</b> Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homelessness	<b>Executive Director lead:</b> John Smith, Interim Executive Director Growth and Regeneration
<b>Proposal origin:</b> BCC Staff	
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet	
<p><b>Purpose of Report:</b> To recommission the supported accommodation pathways services for single homeless adults aged 22+ from 28 October 2024 for up to five years.</p>	
<p><b>Evidence Base:</b></p> <p><b>1. Introduction</b> Housing and Landlord Services commission 725 units of low, medium and high support accommodation for single homeless adults aged 22+ (Pathways 1-3) along with a Resettlement service which provides short-term support to Pathways' clients who move on to independent accommodation. A further 140 units of Pathways accommodation are funded by Public Health specifically for people looking to address substance use support needs (Pathway 4). An overview of current services can be found in Appendix A.</p> <p>The current contracts expire on 27 October 2024. This report seeks approval to recommission services to commence on 28 October 2024 for a period of 3 years with the option to extend for a further 2 years.</p> <p><b>2. The Need for Supported Accommodation</b> Demand for supported accommodation can be inferred from data showing the number of people rough sleeping and in Temporary or Emergency Accommodation, and those approaching the Bristol City Council (BCC) Homeless Prevention Team for advice and assistance.</p> <p>Single night counts and monthly rough sleeping figures both show significant rises in average rough sleeping year-on-year, with a corresponding increase in demand for supported accommodation. Overall presentations for homeless individuals have similarly steadily increased annually, after a drop between 2020 and 2021. This has led to an increase in the number of people living in unsupported temporary accommodation provided by private landlords.</p> <p>The majority of Pathway units are owned by Registered Providers and are therefore exempt accommodation, with rental costs recoverable from Housing Benefit. BCC is currently looking to extend this type of accommodation through the Supported Singles and Couples Accommodation Framework as it is much cheaper than unsupported temporary accommodation provided by private landlords.</p>	

### 3. Commissioning Process and Timescales

A high-level overview of the recommissioning process is as follows:

- Early engagement with key stakeholders including clients, current providers, pathways referrers, Public Health and Adult Social Care – September and October 2023
- Needs and Gap Analysis - December 2023
- Draft Commissioning Plan – January 2024
- Engagement on Draft Commissioning Plan – January 2024 - February 2024
- “You said, we did” Document – end of February 2024
- Final Commissioning Plan - end of February 2024
- Procurement – March-April 2024
- Contract award – end of June 2024
- Implementation period – August-October 2024
- New contracts start – 28 October 2024

### 4. Commissioning Intentions

A draft Commissioning Plan will be published on the Consultation and Engagement Hub. Based on early engagement sessions and the Needs and Gap Analysis, we will be proposing the following:

#### a. Better matching accommodation type to demand.

In particular:

- Increasing the amount of medium support accommodation to create a more balanced pathway that better facilitates throughput from high support services.
- Reducing the amount of low support accommodation that we commission given the existence of similar forms of accommodation funded through the Rough Sleeping Accommodation Programme. As we don't want to lose this low support pathway provision entirely, we will look to repurpose this as long-term move-on accommodation from Pathways.

#### b. Ensuring greater consistency across contract values.

Some providers receive differing amounts of income for broadly the same service, which creates unfairness in the system. We will look to establish maximum unit costs for different types of service to ensure greater consistency and value for money.

#### c. Retaining the benefits of a partnership approach to working, whilst considering how contracts are structured.

Current services are grouped under 4 pathways and have a lead provider responsible for leading partners to meet shared outcomes. This has been beneficial for facilitating cross-sector partnerships and for structuring services more cohesively. However, the lead provider model has also made implementing some changes challenging, as lead providers don't feel they have the authority to make decisions on behalf of the pathway. We are therefore considering reverting back to individual contracts with providers whilst looking to retain the wider concept of partnership working and some shared outcomes that have proved beneficial.

#### d. Increasing throughput and planned departures.

Move-on from supported accommodation is the ultimate aim of services, however due to the overwhelming demand for accommodation in Bristol clients often end up staying longer than planned in Pathways accommodation which can lead to frustration and tenancy breakdown. We will consider creative options for increasing planned departures from pathways into both private rented and social housing, for example by looking at changes to the Priority Move-On Scheme. We will also consider changes to the design/ flow of services to best support moves through and out of supported accommodation.

#### e. Balancing best practice in the sector with locally available resources.

The homelessness sector is moving away from large homelessness hostels as these are no longer considered best practice. BCC similarly has ambitions to move away from the larger services we commission, however we have to balance this against a growing need for accommodation and a lack of alternative, smaller buildings. We will ensure flexibility in the contracts of services which don't align with best practice (e.g.

through shorter contracts) to keep the door open to new opportunities, whilst working with providers to mitigate the concerns of larger buildings in the meantime.

**f. Procuring services efficiently to protect BCC and provider resources.**

Current Pathway contracts were directly awarded in 2017 as there were insufficient options in the market to run a competitive tender process. BCC will undertake soft market testing to explore whether there are new providers who have the ability and resources to provide supported accommodation in Bristol under new contracts. A final decision on the most appropriate procurement route will be taken after this soft market testing is concluded, based on what is best for the service as well as being compliant with the Bristol City Council Procurement Rules and Public Contract Regulations 2015.

**g. Reducing subsidy loss.**

The vast majority of Pathway units are owned by Registered Providers and are therefore exempt accommodation, with rental costs recoverable from Housing Benefit. However, a small proportion do not meet this exemption. We will look for solutions to mitigate the subsidy loss the council incurs through these units.

**h. Considering how pathway services relate to other homelessness services in Bristol.**

Since pathway services were last commissioned in 2017, BCC has been successful in securing funding through a number of short term (maximum of 3 years) DLUHC programmes including the Rough Sleeping Initiative (RSI), Rough Sleeping Accommodation Programme (RSAP) and Single Homelessness Programme (SHAP). Housing Options are also in discussions with colleagues in Adult Social Care around the ongoing delivery of a High Stability Housing service in Bristol. We will consider how these services best complement Pathways accommodation, as well as considering the impact of funding streams ending part way through Pathway contracts.

**5. Finance**

**4.1 Pathways 1-3 and the Resettlement Service**

Pathways 1-3 and the Resettlement Service are funded from Housing and Landlord Services. These services have an annual budget envelope of £4,824,314.

In the final extension year (starting October 2023), an uplift of £373,230 was given to Pathways 1-3 with no further contribution required from BCC. This was achieved through; (a) one-off external grant funding; and (b) reducing the budget of the Pathways Resettlement service and reallocating funds to Pathways Accommodation. The table below shows the difference in contract values:

<b>Contract</b>	<b>Original (2017) annual contract value</b>	<b>Change in annual contract value for final year (2023) extension</b>	<b>Final year (2023) extension contract value</b>
Pathway 1	£1,969,926	+£164,694	£2,134,620
Pathway 2	£1,632,663	+£197,110	£1,769,160
Pathway 3	£961,401	+£121,426	£1,041,778
Resettlement Service	£260,324	-£110,000	£150,324
<b>Total</b>	<b>£4,824,314</b>	<b>+£373,230</b>	<b>£5,197,544</b>

It is proposed that the annual budget envelope is increased to maintain these final year values, with an additional 3.23% uplift to account for inflation in the final year before new contracts start.

This equates to an additional **£557,560** per year, giving a maximum annual budget envelope of **£5,381,874** in year one, and then subject to any annual uplift agreed that will be based on CPI and an appropriate Housing index.

Our view is that this is the minimum baseline budget needed to retain a similar amount of Pathways Accommodation from October 2024, maximising value for money for the council whilst ensuring the financial

viability of providers.

If contract values are not uplifted to the above then, due to rising provider costs, BCC will see a reduction in the number of units it commissions. As the demand for homelessness accommodation continues to rise, losing units from Pathways will increase the take up of temporary accommodation, which is less cost effective than Pathways accommodation. For example, freezing the budget at the 2017 would lead to the loss of 190 low support units from Pathways. To replace these using Temporary Accommodation would cost £1,569,032 (based on an average 1-bed TA placement costing £8,262 per annum).

#### 5.2. Pathway 4

Pathway 4 is funded by Public Health and has an annual budget envelope of £750,000. Public Health have indicated that they will increase this figure by 5% to £787,500 for new contracts.

#### 5.3. Total Costs

Total costs across all Pathway services are therefore £5,381,874 + £787,500 = £6,169,374.

### **Cabinet Member / Officer Recommendations:**

#### **That Cabinet:**

1. Authorises the Executive Director Growth and Regeneration, in consultation with the Cabinet Member for Housing Delivery and Homelessness to take all steps required to procure and award the contracts necessary for the implementation of the Homelessness Pathways Commissioning Plan, for 3 years with an option to extend for a further 2 years, in-line with the procurement routes and maximum total budget envelope of £6,169,374 (subject to any annual uplift agreed that will be based on CPI and an appropriate Housing index) as outlined in this report.
2. Authorises the Executive Director Growth and Regeneration in consultation with the Cabinet Member for Housing Delivery and Homelessness to invoke any subsequent extensions or variations specifically defined in the contracts being awarded, up to the maximum budget envelope (subject to any annual uplift agreed that will be based on CPI and an appropriate Housing index) outlined in this report.

### **Corporate Strategy alignment:**

This proposal aligns with the following priorities in the Corporate Strategy:

1. Reduce and prevent homelessness and rough sleeping.
2. Reduce the number of households in temporary accommodation.

### **City Benefits:**

1. The proposal will assist people that are rough sleeping and recovering from rough sleeping to access accommodation and support, improving their health, and reducing the physical and mental health impact of living on the streets.
2. The accommodation will support the reduction of rough sleeping in the city and will prevent people from having to spend time on the streets and/or in emergency and temporary accommodation.
3. The accommodation will provide a cost-effective alternative to privately managed, unsupported temporary accommodation.

### **Consultation Details:**

1. Early engagement with key stakeholders including clients, current providers, pathways referrers, Public Health and Adult Social Care – September and October 2023
2. Engagement on Draft Commissioning Plan - January 2024

### **Background Documents:**

[Homelessness and Rough Sleeping Strategy 2019 to 2024](#)

<b>Revenue Cost</b>	£6,169,374 p/a £30,846,870 over 5 years, plus uplift to be agreed	<b>Source of Revenue Funding</b>	£5,381,874 p/a (Housing Options) £787,500 p/a (Public Health)
<b>Capital Cost</b>	N/A	<b>Source of Capital Funding</b>	N/A
<b>One off cost</b> <input type="checkbox"/> <b>Ongoing cost</b> <input checked="" type="checkbox"/>		<b>Saving Proposal</b> <input checked="" type="checkbox"/> <b>Income generation proposal</b> <input type="checkbox"/>	

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** At present BCC utilises a number of external providers to assist with the provision of homeless supported accommodation. The contracts currently in place were let a number of years ago and had no inflationary uplifts applied until 2023. Given the recent and ongoing wider economic landscape concerning inflation and wage increases, these providers have now informed BCC that they will be unable to continue to provide these services at current rates.

In order to re-commission these providers it has been deemed by the service that an increase to budget is required to maintain existing levels of provision. A soft market test will also be undertaken to identify any other providers who may be able to meet the contract requirements.

Whilst the report details the need for an uplift in budget for this particular service, it will need to be met from the wider, existing, homelessness budgets. In addition, all efforts will be made to identify and secure external grant funding to mitigate any increase. To date, £210k of internal savings and external funding has been identified and secured. Any additional costs over and above this will be met from savings generated by Temporary Accommodation project, as not proceeding will lead to additional cost pressures, as detailed below, due to the likelihood of the service seeing an increase in subsidy loss as units provided by this contract will be lost.

The impact of losing these units would be follows:-

Year	Subs Loss Pressure
1	£421k
2	£1,011k
3	£1,011k
4	£1,011k
5	£1,011k

**Finance Business Partner:** Ben Hegarty, Finance Business Partner Growth and Regeneration, 19 January 2023.

**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 Leader/Solicitor, 25 January 2024

**3. Implications on IT:** I can see no implications on IT in regard to this activity.

**IT Team Leader:** Alex Simpson, Lead Enterprise Architect, 3 January 2024

**4. HR Advice:** There are no HR implications evident in this report.

**HR Partner:** Celia Williams, HR Business Partner, 2 January 2024

<b>EDM Sign-off</b>	John Smith, Interim Executive Director Growth and Regeneration	29 November 2023
<b>Cabinet Member sign-off</b>	Cllr Tom Renhard, Cabinet Member for Housing Delivery and Homelessness	4 December 2023
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	8 January 2024

<b>Appendix A – Further essential background / detail on the proposal</b> Appendix A - Overview of Homelessness Pathways	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>YES</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>