

Background to the key Transformation Workstreams and their Housing Cost challenges:

Using specialist and supported housing with rents exempt from the Rent Standard:

All properties rented by social landlords have rents set in accordance with the [Government's Rent Standard](#). This includes all general needs affordable housing and supported housing for people with lower levels of support needs.

There are two scenarios where rent levels are exempt from the Rent Standard:

- Temporary Social Housing (accommodation which is temporary in nature, provided by a not-for-profit RP with additional commissioned support)
- Specialised Supported Housing (for adults who are Care Act eligible, provided by a not-for-profit RP with costs of accommodation fully covered by housing benefit and the costs of care met elsewhere).

In these scenarios, the government acknowledges that the cost of providing specialised housing is higher than the national formula allows for, so enables a full cost recovery model.

The effect of these rules is that RPs can fully recover the cost of providing the housing (capitalised build cost/ lease cost, management, maintenance and housing-related service charges). In contrast, Local Authorities can only charge a rent for these types of service users up to the rates set by the rent standard.

Temporary Accommodation:

In Bristol, homelessness levels have increased significantly from pre-covid levels. There are now over 1,400 homeless households currently being accommodated in Temporary Accommodation (TA). The council has a legal obligation to house people who are legally homeless and vulnerable. Due to a lack of affordable housing much of that accommodation is secured via expensive spot purchased TA from the private rental sector. The council claims some of the cost back via Housing Benefit, but this is capped by central government, at Local Housing Allowance (LHA) rates set in 2011, so the amount that the council pays above the cap results in a loss to the council, known as subsidy loss.

The annual TA subsidy loss for 2023/24 is estimated to total over £13m. Long-term, the solution to high numbers of households in TA is to increase the number of general needs affordable housing available and so we are working with our Housing Revenue Account (HRA) and Registered Provider (RP) partners to identify opportunities to increase our housing stock at pace. In the short-term we are working on various workstreams to reduce our dependence on expensive private-rented TA to reduce our subsidy loss.

The delivery of an increased supply of exempt rent Temporary Social Housing, as supported accommodation, will allow total cost recovery through housing benefit.

70% of the TA which the council secures is spot purchased accommodation from the private rental sector through the Emergency Accommodation (EA) Framework. This is the main source of subsidy loss: the council is effectively paying the retail cost of capital and the landlord's profit margin on the properties it rents from the private sector. The council recently recommissioned a new EA

Accelerating the Transformation of Temporary Accommodation
Appendix A: Increasing the supply of exempt and supported housing and impact on BCC costs

framework in an attempt to secure better value from the private rented sector. Given market conditions this is not expected to significantly improve the situation.

If a significant programme of TSH delivery replaced the spot and block purchasing of TA, based on same number of placements as seen Jan-Dec 2023 (average of 850 pcm), the council would save £12.2m in subsidy loss, but have to spend £2.6m in support costs, giving a net saving of £9.6m:

Spot & Block delivery of TA: average subsidy loss (household/yr)*	subsidy loss from exempt rent TA	Cost of support provision (household/yr)	Annual net saving (household/yr)	Average number of households in TA	Total annual net savings (assuming 850 households)
14,322	£0	£3,120	£11,202	850	£9,521,700

Spot and block subsidy loss in 2023 was £12,245,744 (This is based on actual placements and actual subsidy loss for the full calendar year of 2023)

(See Table 1 below for details of current TA provision and costs / subsidy loss levels)

There are implementation challenges with the Temporary Social Housing work which will affect how quickly we bring additional properties on-line and therefore make savings on subsidy loss. These include arrangements for leasing properties from existing TA providers who themselves have leased from other private landlords, agreeing lease costs that meet the criteria for Temporary Social Housing and getting providers on board with the benefits of this approach, recognising that this will change their business model which could lead to organisational changes.

Table 1: Summary of weekly cost savings for a supported TA placement:

Replacement of the supply of TA that incurs a subsidy loss for BCC will deliver savings, although revenue costs for support will be required. The potential subsidy loss that can be avoided for each type of accommodation is shown in **bold**

Placement Through	Average weekly Subsidy Loss	Average Weekly Support Cost	How is it limited	Commentary	Households currently in TA
BCC Stock	£0	£30	Limited stock and in high demand	Reduces availability of social rent homes for the city. Support costs to be met by BCC	143
RP Exempt/Supported Accommodation (Singles & Families Framework)*	£0	£60	Subject to RP capacity	Total rent recovery model. Support costs met by BCC. Wider significant savings could be generated by re-commissioning more TA through RPs (new or existing)	146
Private Rented Team TA (families)	£193.48	£0	Subject to PRT sourcing and agreeing lets	Limited supply in the city and still generates subsidy loss. Work intensive	48

Accelerating the Transformation of Temporary Accommodation
Appendix A: Increasing the supply of exempt and supported housing and impact on BCC costs

Emergency Accommodation (singles)- Spot/Block	£128.80	£0	Large availability, often poor quality	Very expensive, especially for families	474
Emergency Accommodation (families)- Spot/Block	£416.29	£0	Large availability, often poor quality	Very expensive, especially for families	475
Emergency Accommodation - Hotels	£449.05	£0	Large number of rooms available	Very expensive and typically unsuitable accommodation	88

Adult Social Care

The housing element of the Transformation workstream for Adult Social Care is focussed around reducing the high costs of maintaining individuals in residential care settings when their housing and support needs could be better met in a supported living environment provided by one of the council's Registered Provider partners.

The delivery of Specialised Supported Housing enables a housing benefit funded full-cost-recovery model for Adult Social Care accommodation. This will reduce our reliance on expensive residential care settings, delivering cashable savings and cost avoidance for the authority. Recent research commissioned by ASC showed that around 35% of the cost of residential care is attributable to the housing element of provision. Whilst the cost of the care element of meeting someone's needs might not vary significantly in a housing-based setting, the full housing cost will be met via Housing Benefit. This represents around a 35% saving against current residential care costs.

There are over 400 ASC customers currently living in a residential care settings who could be better accommodated in a supported housing environment with care. The current annual cost of these placements exceeds £40,800,000. A potential saving of over £14,200,000 could be made each year if each individual was moved out of residential care. These numbers do not account for the numbers of young people in care with Learning Difficulties or severe mental health who will be transitioning out of Children's Services in the coming years and who will be picked up by ASC as Care Act eligible clients.

Unlike homeless households or care leavers, the client groups whose housing and care needs are being met by Adults Social Care will require housing and care for the whole of their lives. The supply of new housing with care and support to grow as the City's needs increase (see Table 2 below for details of current costs of residential care provision and potential savings).

Children Services: Our Families (Children and Education) Transformation Programme:

The costs associated with placing Care Leavers in External Supported Accommodation (ESA) (this means organisations registered with Ofsted to provide anything up to 16 hours of support per week) is significantly higher than placing a care leaver in affordable supported housing in the city. On average at any one time, 20 care leavers, including Unaccompanied Asylum Seeker Children, have their housing and support needs met through ESA's at an annual cost to the Council of around £1,500,000

Care leavers (unless falling into the Preparing for Adulthood, transitions cohort) do not require exempt accommodation but need an increased supply of affordable supported and supported move-on housing to enable them to develop the skills to sustain independent tenancies and live fully

Accelerating the Transformation of Temporary Accommodation
Appendix A: Increasing the supply of exempt and supported housing and impact on BCC costs

independent lives. Almost all Care Leavers who are not transitioning due to enduring care needs will move on as they develop independence skills. This housing supply can be delivered by our RP partners and specialist youth housing providers using subsidy from Homes England or the council by way of free land or capital funding.

On average, each care leaver allocated a supported housing placement will save the council £1,500 per week (see Table 2 below for details of current costs of ESA provision and potential savings).

Table 2: Summary of weekly cost savings for a supported housing placement:

Replacing residential care and ESA placements with a housing supply where the housing cost will be met by HB will deliver direct savings for BCC. The level of potential weekly savings are shown in **bold**

Cohort	Average Residential / Placement cost per week (as of 19/02/24) (per person)	Saving on housing costs being met by HB (person/per week)	Average continued care / support cost (person/per week)	Numbers currently being housed by BCC in high cost Residential care / ESAs	Total potential saving per week
Transitions / Preparing for Adulthood (over 18, currently ASC funded)	£3,213	£1,124	£2,088.45	16	£17,984
Learning Disability	£1,965	£688	£1,277.25	269	£185,072
Mental Health	£1,368	£479	£889.20	150	£71,850
Care Leavers	£1,837	£1,500	£337	17	£25,500