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Cabinet

27th November 2018

**Name of Cabinet Member:**

Cabinet Member for Housing and Communities – Councillor E Ruane

**Director Approving Submission of the report:**

Deputy Chief Executive (People)

**Ward(s) affected:**

All

**Title:** Re-commissioning Homeless Services in Coventry

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**Is this a key decision?**

Yes – homelessness is a city wide issue that effects all wards of the city and will result in spend in excess of £1m over the life of the contract.

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**Executive Summary:**

Existing service arrangements are currently managed across several separate contracts with St Basil's and Midland Heart currently providing services for 18-24 year old singles (excluding rough sleepers and ex-offenders) and all other homeless related services (including rough sleepers and ex-offenders) delivered by the Salvation Army. These current contract arrangements end on the 31<sup>st</sup> March 2019.

This report seeks approval to retender for the city's homelessness services within a framework of principles and key requirements. It is proposed to split this across three 'lots' covering: Young Adults (aged 18-24); Adults and couples without dependent children aged 25+ (including rough sleepers, ex-offenders and those with multiple complex needs); and Families (including pregnant couples/ singles).

Since the existing contracts were let in 2014, demands on the city's homelessness services have increased significantly. This is particularly true for families as well as individuals who require support for multiple complex needs. This has placed substantial pressure on existing services and finances. There is therefore a need to review how services are provided going forward, especially for families and the principles and requirements of the new service highlight those changes. In summary these will include:

- A greater emphasis on support programmes for families with responsibility for accommodation and placements controlled fully by the Council;

- An enhancement in training and education services with a specific focus on households being tenancy ready and tenancy sustainment;
- The delivery of a new easily accessible hub service that can provide drop in support and a one stop shop for homeless services across multiple agencies;
- A specific emphasis on working productively with the Council and other partners to support homeless individuals and rough sleepers to address issues of substance miss-use, especially in public places with a view to exploring a fully supported and dedicated facility.
- A greater focus on on-going support and crisis management even after duty has been discharged. This is with a view to preventing re-presentation; and
- Diversify the provision of direct access and supported accommodation including making provision for a female only facility.

Due to the substantial changes in homelessness services brought about by increased demand and the introduction of the Homelessness Reduction Act there is a need to undertake further work and research around how the details of future service provision will operate. This is expected to include a change to how the Council provide services, especially to families and the provision of temporary and emergency accommodation. As a result, the tender process for the new service is expected to be published at the end of October 2019 with a view to awarding a new contract in January 2020.

As a result, this report also seeks delegated authority to negotiate a twelve month extension period with existing service providers to ensure a continuation of services is maintained to the city's most vulnerable households whilst the procurement exercise is undertaken. This is considered a necessary step to help manage risk, especially given the importance of the service area and vulnerability of households involved.

The delivery of new services as well as the short term extension of existing services will require extensive joint working across a wide range of council departments and service areas. It will also require a continuation and expansion of partnership working opportunities across the city through the Coventry Homelessness Forum and other relevant project groups and partnership boards.

### **Recommendations:**

The Cabinet is requested to:

1. Approve the commencement of a procurement process (in accordance with the Public Contract Regulations) to secure a delivery partner(s) for the homelessness services offer as outlined in paragraph 1.4 of this report subject to the cost of the contract being in line with current budget commitments.
2. Following the completion of the procurement process, delegated authority be given to the Deputy Chief Executive (People) following consultation with the Cabinet Member for Housing and Communities to award a contract for a period of up to 5 years to the preferred suppliers together with the option to extend for a further 2 years subject to satisfactory performance and budget availability.
3. Approve in principle the extension of the existing services beyond 31<sup>st</sup> March 2019 to allow for more time to complete the tendering activity as a result of the complexity of the process subject to such contract extensions not being for more than 12 months.
4. Delegate authority to the Deputy Chief Executive (People) following consultation with the Cabinet Member for Housing and Communities to finalise the twelve month

extension of existing services beyond the 31<sup>st</sup> March 2019. The cost of the extensions will be in line with current budget commitments.

**List of Appendices included:**

None

**Background papers:**

None.

**Other useful documents:**

Draft Housing and Homelessness Strategy, Action Plan and supporting documentation.  
<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=124&MId=11774&Ver=4>

**Has it been or will it be considered by Scrutiny?**

This report has not been considered by scrutiny. It is proposed to take a report through the Scrutiny process in early 2019 though to support the detailed development of the tender specifications

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## **Report title: Re-commissioning Homeless Services in Coventry**

### **1. Context (or background)**

#### **1.1 Background (or context)**

- 1.1.1 Existing service arrangements are currently managed across several separate contracts. The first, and largest contract is managed by the Salvation Army. This was awarded following an open tender process in 2013/2014 for a 5 year period between the 1st April 2014 and 31st March 2019. The contract award was a marked change in how homelessness services were managed within Coventry and saw the amalgamation of 22 separate contracts into one Prime Contractor Arrangement.
- 1.1.2 The key responsibilities of the current contract include:
- Rough Sleepers (single homeless 16+) - including the delivery of night time rough sleeper walks, provision of emergency camp beds, floating support, operation of the statutory Severe Weather Emergency Protocol (SWEP) and undertaking the annual rough sleeper counts required for central government;
  - Direct Access Provision (single homeless 25+ and childless couples 25+) including the provision of direct access hostel provision and associated support services;
  - Floating Support services (single homeless 25+, homeless families 18+, childless couples 25+, ex-offenders 18+);
  - Temporary Accommodation for homeless families aged 18+ from the 15<sup>th</sup> night of being homeless. The Council currently makes provisions for the first 14 nights before transferring accommodation services to The Salvation Army;
  - Ex-offender specialist accommodation and support services (ex-offenders 18+ on probation); and
  - Specialist complex needs accommodation and support services (single homeless 25+ and ex-offenders 18+).
- 1.1.3 The second set of contracts (comprising two different contractual arrangements) cover services for singles and couples aged 18-24. These two contracts have previously been managed separately to reflect the internal management of services between children's and adult's services and the difference in service needs to those affected. This was changed structurally in September 2017 and the Council's Housing Options service now has full oversight on homeless matters for all households aged 18 and above. The later stages of this report will highlight that service provisions are to remain largely separate, however for the purposes of procuring and managing new services in the most effective and efficient way, they are being aligned with the wider homelessness service provision for the purpose of this contract approach.
- 1.1.4 The existing contracts for those aged 18-24 is a smaller contract both in terms of financial value and quantum of service users. It is currently delivered by 2 service providers, firstly Midland Heart who provide supported accommodation and secondly St Basils who provide family mediation services and floating support. These existing contracts have a different end date to those currently delivered by The Salvation Army, but arrangements have already been made to trigger an initial short term extension to these under delegated authority to 31st March 2019, therefore aligning them with The Salvation Army contract. Recommendation 3 of this contract seeks approval to further extend these contracts by up to 12 months to ensure the new services are tendered jointly with those for the wider homelessness services across Coventry.

## **1.2 Trends and Service Delivery**

### **1.2.1 The Salvation Army Contract**

- 1.2.1.1 Since April 1st 2014 demands upon this service have increased substantially, especially in the last 2 years of the contract. This has placed significant pressure on the ability to deliver the service within a cost effective and efficient manner.

#### Overall demand

- 1.2.1.2 The table below, highlights the uplift in the number of different service users within different elements of the service in both year 1 and year 4. Data for year 4 is used as an example as it represents the last full year of the contract for which data is available in full. Data for year 5 is not yet available as a direct comparison. It is important to clarify that this data is provided from The Salvation Army's databases and is reflective of individual cases. This means the data has been reviewed and adjusted to remove re-presenting households. This has a particular impact on single Homeless where re-presentation has been higher.

	<b>Year 1 2014/15</b>	<b>Year 4 2017/18</b>	<b>% Increase</b>
Families (including pregnant couples)	150	484	223%
Singles and Couples without dependent children	581	1,059	82%
<b>Totals</b>	<b>731</b>	<b>1,543</b>	<b>1,543</b>

Source: Data provided by The Salvation Army - Intake report from The Salvation Army ATLAS reporting system – October 2018.

- 1.2.1.3 Although the number of cases have increased in all areas, the key areas of pressure are related to the number of complex cases (i.e. those individuals with multiple complex needs and therefore greater support requirements) and the number of families. This has also been compounded with the length of time each household has remained within the service. By way of example, the number of families being managed at any one time has increased from approximately 50 when the contract was first let to in excess of 350 in summer 2018. In terms of single households (including couples without dependent children) it has also increased, from approx. 250 cases at any one time to approx. 300 case in 2017/18. Although the number of singles has increased this has been linked to the complexity of cases and is also influenced by the relatively quicker time to move households through the system and in some cases greater risk of re-presentation.

#### Complexity of cases

- 1.2.1.4 Typically, clients who are supported by The Salvation Army will have a range of needs including but not limited to drugs and/or alcohol problems, mental health problems, offending background, rough sleepers and homelessness. The exact nature of the individuals needs will often dictate what accommodation they are placed into. For example, not all cases will go directly into the specialised Complex Needs or ex-offenders accommodation. In this respect we have not only seen a significant rise in the actual number of cases but a substantial uplift in the proportion of overall cases reporting multiple complex needs from 1 in 20 cases to nearly 1 in 4. Due to the limited number of spaces in the specialist complex needs accommodation in the city, accommodation has had to be used flexibly to house those with complex needs, which may not be suitable for clients in those instances.

This has also placed pressure on the service provider's ability to deliver sufficient support to those who need it.

	<b>Year 4 2017/18</b>	<b>Year 1 2014/15</b>
Number of cases with an initial assessment of 3 or more complex needs	36 of 731	370 of 1543
% of total caseload	5%	24%

Source: Data provided by The Salvation Army - Intake report from The Salvation Army ATLAS reporting system – October 2018.

#### Reliance on B&B

- 1.2.1.5 Given the limited accommodation options available through the city and competing housing pressures making sustainable move on challenging, especially in the last 2 years of the contract, it is largely the increase in family demand on the service that has led to excessive use of B&B accommodation as a form of temporary and emergency accommodation throughout the city. Through a range of partnership opportunities The Salvation Army have already begun to address this, however this is an issue the new service approach will need to prioritise.

#### **1.2.2 The St Basil's and Midland Heart Contracts**

- 1.2.2.1 In September 2017 the management of housing and homelessness services for 18-24 year olds was transferred into the Council's Housing Options Team, with responsibility for 16 and 17 year olds and care leavers up to the age of 21 remaining with children's services. This saw elements of the original contract separated across the 2 service areas but with the majority being transferred to the wider Housing Options service. As a result it is not possible to directly compare trends in service delivery since 2013.
- 1.2.2.2 Midland Heart are currently contracted to provide the first part of this service, providing 63 bed spaces of supported accommodation, which they do from the Foyer at Lower Holyhead Road. This is targeted towards service users within the 18-24 cohort, which are generally lower in number and average approximately 50 individuals at any one time. This figure has remained stable in recent years.
- 1.2.2.3 In addition St Basil's are contracted to provide 45 units of floating support which is provided for singles within the 18-24 age bracket in other forms of temporary and emergency accommodation (such as B&Bs) or within their existing family home to help prevent homelessness through family mediation. These units are fully utilised on an annual basis.

#### **1.3 Extension of existing service provision**

- 1.3.1 The primary aim of this work stream was to appoint and commence delivery of a new service from 1<sup>st</sup> April 2019. Following initial targeted engagement with service providers and 3<sup>rd</sup> sector partners during the last 6-9 months, officers have been able to identify the primary principles for a new homelessness service to meet the needs of local people. These principles are not expected to change at this time and are set out below (Section 1.4).

- 1.3.2 Due to the substantial changes in homelessness services brought about by increased demand and the introduction of the Homelessness Reduction Act however there is a strategic need to undertake further work and research around how these services can be delivered in the most effective and efficient way. Without this additional work, there is a genuine risk that one or more of the lots will remain unlet or delayed due to the complexity of the service. This has been highlighted through the risk analysis that has supported this work.
- 1.3.3 The basis for this additional work will need to focus on the changes required to how the Council provide services, especially to families and the provision of temporary and emergency accommodation. It will also need to include further work to understand the support needs for service users, how these are commissioned and ensure there is no duplication with the work of the Council's Homelessness Prevention Team, who have been in post since April 2018.
- 1.3.4 Another key piece of work is to ensure that the in-house Housing Team, have the capacity and capability to manage a revised approach to how the Council procure temporary and emergency accommodation, especially in relation to family placements, with changes to system and processes being considered and amended as required.
- 1.3.5 Officers are therefore seeking delegated authority, following consultation with the Cabinet Member for Housing and Communities, to be able to negotiate a 12 month extension of the existing contractual arrangements with St Basil's/Midland Heart and The Salvation Army to ensure continuous service arrangements are in place to support the households that require it and depend upon it.
- 1.3.6 The extension is not expected to last beyond 12 months and would be contained within existing budgetary commitments (detailed in the finance section below). Anything over and above this will result in a report being brought back to Cabinet and Council to detail a revised approach to the service.
- 1.3.7 The extension process will also bring with it a renewed focus on contract management, data collection and an opportunity to have greater influence over the procurement of temporary and emergency accommodation and family placements in particular. This will be supported by enhanced joint working across all sections of the Council alongside continued improvements in partnership working and knowledge sharing through the Coventry Homelessness Forum and other relevant project groups and partnership boards.
- 1.3.8 The tender process for the new service would then be published at the end of October 2019 with a view to awarding a new contract in January 2020 with delivery of the services commencing from April 1<sup>st</sup> 2020. This will help to ensure minimal disruption to ongoing service delivery.

#### **1.4 Principles of new Service Requirements**

- 1.4.1 As referenced above, there remains a priority need to continue developing a new tender specification to deliver the city's Homelessness services longer term. Subject to the approval of the recommendations contained within this report, this would see new service provider(s) commence delivery from April 1<sup>st</sup> 2020. This will ensure minimal disruption to service provision and ensure accommodation is managed and support services are provided to those who depend on it.

- 1.4.2 The new contractual approach proposes to bring together all sets of services highlighted above into 1 tender process. That process is intended to be supported by a single overarching specification that is then supported by 3 specific lots. These will be compiled as follows:
1. YOUNG ADULTS: to include 18-24 year old young adults – including single households and couples (where both people are within the age band).
  2. ADULTS AND COMPLEX NEEDS: to include single adults (aged 25+), couples (where at least 1 member of the couple is aged 25+), rough sleepers (18+), ex-offenders (18+) and those suffering with multiple complex needs (18+).
  3. FAMILIES: to include families (including households with dependent children and/or expectant mothers) (aged 18+)
- 1.4.3 The nature of this type of approach means there could be a single or multiple service provider(s) with which the Council will work, but that it should promote constructive, effective and efficient partnership working and service delivery.
- 1.4.4 As well as integral partnership working with local police services such as the CCG and NHS, local Registered Providers and a wide range of 3<sup>rd</sup> sector partners, the Council's contribution will bring together expertise from a wide range of service areas. This will include housing services, planning, finance, Benefit Services, legal, property services, transformation, community safety, customer services, adult and children's social care and public health. There will also be a need to integrate and respond to feedback from service users and those with lived experience. It will help deliver key actions within the emerging Housing and Homelessness Strategy and be truly reflective of a One Coventry approach.
- 1.4.5 It is important to note that following the transfer of service responsibility from Children's Services to Housing Options from September 2017, support and accommodation services for care leavers aged 18-24 will now be included within this new tender process. This reflects the Council's responsibilities to these individuals to support the provision of appropriate accommodation (which will expressly exclude the use of B&B accommodation within the Tender Specification) up to the age of 21 and on-going support and advice services thereafter. Relevant individuals aged 16 and 17 will continue to be managed as part of the Council's Children's Commissioning Services. This will be reflected within transfers of relevant budgets and the estimated cost of the newly commissioned service covered by LOT1.
- 1.4.6 The initial overarching principles of each lot have been informed by targeted consultation with service users, existing contract holders and other relevant stakeholders and groups. This is outlined further in Section 3 of this report. It has also drawn on a range of research and data collection relevant to the service areas. Much of this evidence is summarised within the background papers which support the Draft Housing and Homelessness Strategy.
- 1.4.7 The principles and key components are summarised as follows:
- 1.4.5.1 GENERAL REQUIREMENTS
- Deliver a high quality IT system that is fully compatible with the Council's IT services and supports appropriate data collection and analysis.
  - Ensure all supported and direct access accommodation is of a high standard and satisfies all legislative and regulatory requirements.
  - Demonstrate a clear commitment to partnership working across Coventry.

- Operate a fully inclusive service to meet the needs of all those who the Council have a legal responsibility to support.

#### 1.4.5.2 YOUNG ADULTS

- Include a range of accommodation services to meet the needs of service users. This should include opportunities for female only accommodation and accommodation which meets the needs of care leavers.
- Include floating and focused support packages with a focus on understanding the root cause of homelessness and supporting households to become tenancy ready and able to sustain a tenancy going forward. This should reduce the risk of representation.
- Support the homelessness prevention agenda for young adults.
- Provide a mediation service between young people and their family network with a view to sustaining the family home.

#### 1.4.5.3 ADULTS AND COMPLEX NEEDS

- Include a range of accommodation services to meet the needs of service users. This should include opportunities for female only accommodation. It should also include dedicated facilities for ex-offenders and those with multiple complex needs.
- Make provisions for rough sleeper emergency accommodation to ensure that no one has to sleep rough on the city's streets.
- Include floating and focused support packages with a focus on understanding the root cause of homelessness and supporting households to become tenancy ready and able to sustain a tenancy going forward. This should reduce the risk of representation.
- Maximise opportunities to align multiple complex needs provisions with the WMCA Housing First initiative.
- Be a key service provider in securing appropriate facilities and delivering an easily accessible hub service.
- Undertake regular rough sleeper walks and engagement.
- Complete the annual rough sleeper count and support returns to central government.
- Enact the SWEP protocol when appropriate.
- Work with the Council and other partners to explore the best ways to combat street drinking and drug taking in public places and work with partners to support homeless individuals and rough sleepers to address their issues. This could include an opportunity to explore a dedicated facility for street drinking and substance miss-use within a controlled and highly supported environment.

#### 1.4.5.4 FAMILIES

- Include floating and focused support packages with a focus on understanding the root cause of homelessness and supporting households to become tenancy ready and able to sustain a tenancy going forward. This should reduce the risk of representation.

#### 1.4.5.5 TEMPORARY AND EMERGENCY ACCOMODATION FOR FAMILIES

Under the principles of the new tender proposals, temporary and emergency accommodation for families will be procured by the Council and placements will be made by the City Council until duty is discharged. The contract provider will deliver floating support to those families in emergency and temporary accommodation, where such support has not been arranged by the Council's Homelessness Prevention Team. As part of the existing contract, the Council already has responsibility for providing family accommodation for the first 14 nights after they present as homeless. As such, the changes in the new service proposals simply

extend this period. By enabling households to stay in a single place at a consistent address for longer durations this should improve efficiency in Housing Benefit, Housing Options and the support programme – focusing more on tenancy readiness and health and wellbeing instead of amendments to paperwork etc. This change will also enhance the customer experience by allowing families to be more settled for longer, which will be particularly important for supporting the family unit and managing access to key services such as schools and health care. This change will also give the Council full control over family placements and maximise the Council's ability to manage issues of safeguarding and family wellbeing. Furthermore it ensures the Council becomes the single negotiator of temporary and emergency accommodation across the city for the purpose of homeless families. Negotiations become more targeted and opportunities to deliver accommodation at more cost effective rates are widened.

1.4.5.6 Although there are clear benefits of returning the full placement and accommodation provision function to within the Council's control there are also risks and cost exposures that are important to consider. These include:

- Families who are not receiving benefits/full benefits (e.g. benefit cap and excess income);
- Accommodation costs that are non-recoverable through housing benefit; and
- Delay in introducing alternative accommodation options.

Officers have already commenced work on reducing these risks however. This includes:

- Leasing accommodation for smaller family units across various locations in the city.
- Working with partner organisations to identify possible short and medium term solutions for temporary accommodation such as refurbishing buildings earmarked for demolition for use as permanent / temporary accommodation.
- Negotiating more favourable rates with current providers of temporary accommodation for not only Housing but for other Council departments that require accommodation and for partners who will continue to provide placement for singles on behalf of the Council.

This is considered further in the financial sections below.

## **1.5 Housing First**

1.5.1 The City Council is currently working with the WMCA around opportunities to deliver a Housing First initiative. This brings with it devolved funding from central government of just under £1.7m for Coventry over the next 3 years to deliver this service. Housing First is targeted towards entrenched rough sleepers and those with multiple complex needs. It aims to provide them with settled accommodation and wrap around support to help them adjust to a stable lifestyle away from the streets. It is expected that there will be some inevitable overlap and opportunities for partnership working within these services and the new homelessness commission – especially lot 2. The delivery of this service is subject to a separate Cabinet Paper that is currently scheduled for January 2019.

## **2. Options considered and recommended proposal**

2.1 There are four options that have been considered as part of this report. The first forms the basis of the recommendation and seeks an initial short term extension of existing contractual arrangements to allow sufficient time to tender for new homelessness services under the principles set out in this report.

- 2.2 The second option would be to commission a long term extension of existing contractual arrangements. Although the existing circumstances around the delivery of homelessness services in Coventry require a short term extension, this is deemed sufficient to bring together further research and partner engagement to fully inform a newly commissioned service. It also allows sufficient time to fully gauge the impact of the new HRA and review the resource requirements necessary for the Council to successfully support homelessness services in Coventry. In addition, the existing service arrangements continue to experience a substantial uplift in service demand whilst the cost of delivering the service under current contractual arrangements is not considered sustainable. As such, anything longer than 12 months would also risk negatively impacting on the long term cost effective delivery of temporary and emergency accommodation.
- 2.3 The third option considered was the bringing ‘in house’ of all homeless services commissioned to service providers. Although the new service proposals include a degree of this by the Council taking full control of procuring and placing families within temporary and emergency accommodation, an option that would see the Council deliver all services has been discounted. As part of existing contracts with the Salvation Army, the Council already has responsibility for family accommodation for the first 14 nights after they present as homeless. As such, the changes in the new service proposals simply extend this transitional period therefore generating efficiencies in the service as well as an enhanced customer experience. This reflects the specialist nature of support services involved, especially for rough sleepers and ex-offenders and the availability of a range of direct access and supported accommodation which is already operated across the city by partner organisation. As such, these partners are already well positioned to deliver these services far more efficiently and effectively than the City Council would be able to do so, without substantial upfront investment.
- 2.4 The fourth option considered was to do nothing. This option was discounted as the Council have statutory responsibilities under a range of national legislation to support households who are at risk of becoming, or already are homeless.

### **3. Results of consultation undertaken**

- 3.1 To support the consideration of this report, the City Council have undertaken a range of targeted consultation activity with partner organisations and other stakeholders involved in providing homeless services across Coventry. This has included:
- The development of '**The Coventry Homelessness Review 2018**' and '**The Coventry Context – Housing 2018**'. These documents support **the Housing and Homelessness Strategy (2019-2024)** and include a comprehensive review of statistics relating to housing and homelessness throughout Coventry. This helps identify the key areas of concern and detailed issues that require addressing through the delivery of the new services. Such matters feed directly into the Housing and Homelessness Strategy and its supporting Action Plan. The retendering of services is a key priority within this Action Plan.
  - The creation of the **Coventry Homelessness Forum**. In May 2018, the first Homelessness Forum for Coventry was held. This forum has subsequently met three more times and brings together representatives from numerous voluntary, public and private sector organisations who all have a vested interest in combatting homelessness across the city. The Forum provides an opportunity

to discuss key matters and share information. This has included targeted engagement on the delivery of homeless services in the city, seeking the views and opinions of stakeholders or emerging themes and priorities. It has also been supported by the creation of a partner SharePoint site where information is shared with all relevant stakeholders helping to facilitate informal views, opinions and discussion.

- **Targeted meetings and presentations.** Council officers have met with a number of relevant organisations and stakeholders to help inform the Homelessness Review and Strategy, which in turn have informed our position with regards the commissioning of new services. Such engagement has included:
  - meetings and discussions with existing service providers to understand both benefits and issues with the existing service provisions;
  - Registered Providers;
  - The Front Line Network;
  - Multiple Complex Needs Board and Operations Group;
  - CCG in relation to health care services for homeless households and the emerging re-tendering for relevant services;
  - existing service users – drawing on feedback through existing service providers but also the Making Every Adult Matter (MEAM) ‘Experts by Experience’ groups;
  - West Midlands Police Services; and
  - Maximisation of cross directorate expertise within the city council to ensure it is fully reflective and complementary to a range of existing corporate strategies and procurement exercises. Prime examples include the commissioned Drug and Alcohol Support Services and related strategy and the emerging Domestic Abuse and Sexual Violence tendering proposals.

#### **4. Timetable for implementing this decision**

- 4.1 Subject to the approval of the recommendations within this report, negotiations relating to the extension of existing contracts would commence immediately. This would be with a view to ensuring the necessary arrangements are in place from the 1<sup>st</sup> April 2019.
- 4.2 The tender process is then expected to be issued by the end of October 2019 with initial bids and proposals submitted to the city council by early December. It is expected that the successful applicant(s) will be appointed in January 2020 and that a transitional period will then commence between the existing and the new contracts. This will ensure the appropriate transfer of services and resources (where appropriate and necessary) to ensure the commencement of new service from April 1<sup>st</sup> 2020.

#### **5. Comments from the Director of Finance and Corporate Services**

##### **5.1 Financial implications**

This council has a significant financial problem in this area, which manifests itself in the gap between what we pay out for temporary accommodation compared with what we can recover through the Housing Benefit subsidy grant. At quarter 2 we

are reporting total expenditure across Housing and Homelessness of £8.6M, which equates to an overspend of £2.6M. The pre-budget report (also on the agenda) recommends additional resource to equate to an annual budget of £8.4M over the next 3 years. In addition there is grant funding of £2.1M available (17/18 to 19/20) largely linked to the prevention duty, and a report in relation to this was brought to Cabinet earlier in the year.

We are also aware of significant further financial risk that is currently being met by providers/partners. This relates to the cost of accommodation where the service user is not receiving housing benefit, either because they are benefit capped or have excess income. There is also a further cohort, under investigation, where it is unclear why housing benefit is not being claimed. Further to this, because of the growth in the use of hotel / bed & breakfast provision, providers are picking up some cost which is ineligible for housing benefit (e.g. food, heating and lighting). This would normally be cost met directly by the service user.

The prevention duty came into effect in April, and this has further increased activity, as service users are known to us longer, we have a longer period over which to make a housing duty decision, and as a result service users may be in temporary accommodation for longer. We are currently reviewing the delivery of the prevention duty to see how this can be alleviated earlier.

Notwithstanding the continued need to create permanent affordable housing, the key to reducing this significant financial pressure is having access to lower cost, more suitable, temporary accommodation, particularly for families, and having control over placement. This will enable us to pay less and maximise Housing Benefit subsidy grant. This is why our longer term aim is to take the placement of families back in-house, but we recognise that this needs to be done in a planned way to maintain stability across the system. This is alongside increasing access to appropriate temporary accommodation.

The budget for the Salvation Army contract is £1.89M per annum, and the budget for 18-24 years old is £0.33M. We will seek to extend the existing contracts within current budget parameters subject to inflationary increase if appropriate. In the case of Salvation Army we will need to be clear in relation to the level of activity for families that can be met within this resource. Alongside this, we will need to ensure that we build capacity within the internal service in relation to the placement of families. This will need to be a staged approach to enable the implementation of new temporary accommodation (refer to 'Options to improve the quality but reduce the cost of temporary accommodation' report on this Cabinet agenda), and any further level of family placement that will come in house from April to eventually build up to a fully in-house delivered service for placement of families to align with the retendered contract. Any additional budgetary requirements will be met from the overall budget identified for Housing and Homelessness as identified above.

Although bringing the placement of families in-house increases our control in relation to where we place families, it does also open us to further financial risk that is not currently being met by the City Council. We recognise however that this is not sustainable for the system whether met by us or partners, and we will be working through how we can reduce these costs, by ensuring service users meet the cost of ineligibles (e.g. food, heating etc.) and a targeted piece of work reviewing families who are not claiming benefits.

## 5.2 Legal implications

The Housing Act 1996, Homelessness Act 2002 and Homelessness Reduction Act 2017 place a statutory duty on Housing Authorities to ensure that accommodation and support will be available for people who are at risk of homelessness or are homeless. The services that are subject to re-commissioning will ensure that the City Council meets its statutory obligations.

The commissioning of these services exceed the applicable thresholds and as such will be subject to a competitive tendering process as required by the Council's Rules for Contract and the Public Contract Regulations 2015.

Given the legislative and market changes, there is a need to extend the current contract arrangements whilst the commissioning process is undertaken.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's Plan?**

- Citizens living longer, healthier, independent lives: the commissioning and delivery of homelessness services will ensure access to support and accommodation services that will help maintain health and wellbeing of service users both physically and mentally.
- Making Coventry an attractive and enjoyable place to be: these services will provide support and accommodation to local people who require it. It will help combat rough sleeping, especially within the city centre and ensure that realistic and genuine opportunities and alternatives to sleeping rough on the city's streets continue to be provided.
- Making places and services easily accessible: the delivery of new homelessness services will ensure efficient and effective services for different users. The new hub service element of the proposals will also ensure a one stop shop that is easily accessible for those who require drop in support.
- Developing a more equal city with cohesive communities and neighbourhoods: the services provided will be fully inclusive.

### **6.2 How is risk being managed?**

The greatest risk to this process is that no organisations bid for the identified services. This risk has been identified and has informed the recommended approach to short term contract extensions. This will allow for an extended period of research and engagement to fully inform the new tender specification. This will also significantly reduce the risk of no bids being received.

Risk in relation to the short term costs of delivering the service have already been outlined in sections 1.4 and 5.1 of this report. These risks are considered manageable for the reasons outlined in those sections but will be consistently monitored to ensure appropriate management of budgets is maintained. They have also been captured within the current budget setting considerations.

### **6.3 What is the impact on the organisation?**

This report clarifies how the City Council will continue to manage and deliver its homelessness services. This is a statutory function covered by national legislation.

## **6.4 Equalities / EIA**

An Equalities and Consultation Analysis (ECA) has been carried out during the development of the Draft Housing & Homelessness Strategy 2019-24. This will be updated for the Final Housing & Homelessness Strategy following the public consultation. The re-commissioning of the Homelessness Services are a key component of the Action Plan that supports the Housing and Homelessness Strategy and are therefore intrinsically linked to this document and its relevant ECA.

In 2017/18 there were 557 households accepted as statutorily homeless. The majority (69%) of statutory homeless households had a dependent child or children and 50% were female lone parents. 63% of statutory homeless households were White, 17% were Black and 7% were Asian. 26% were under 25, 72% were aged between 25 and 64, and only 2% were aged 65 or over.

The implementation of the Homelessness Reduction Act in April 2018 means that the Council now has additional duties to prevent homelessness and to help to secure accommodation for all eligible households, regardless of whether they are in a 'priority need' category. This will increase the help given to single people and those without dependent children, especially single men, who have previously not been in a 'priority need' category.

Overall service users and providers will benefit from the new service. It is intended to address gaps previously identified and will ensure we cater for as many service users as possible without discrimination.

## **6.5 Implications for (or impact on) the environment**

No identified impacts

## **6.6 Implications for partner organisations?**

The current contract providers include: The Salvation Army, St Basils and Midland Heart. Other partner organisations are also involved in the service by way of sub-contracts, including Whitefriars Housing Group. The City Council will continue to engage with them as part of tendering the new contract and as part of extending the current contractual arrangements. All existing service providers have an entitlement to bid for the new services in accordance with the specification. All bids will be treated in a fair and equitable manner.

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#### Appendix 1 –