

To: City Executive Board
Date: 15 September 2016
Report of: Head of Housing and Property
Title of Report: Pooled Budget Arrangements for the Commissioning of Adult Homeless Supported Accommodation in Oxfordshire

Summary and recommendations	
Purpose of report:	To seek agreement to enter into pooled budget arrangements with Oxfordshire County Council, Oxfordshire Clinical Commissioning Group and Oxfordshire District Councils; To agree Oxford City Council's initial 3 year contribution to the pooled budget from existing base budget provision.
Key decision:	Yes
Executive Board Member:	Cllr Mike Rowley, Housing
Corporate Priority:	Meeting Housing Needs.
Policy Framework:	Homelessness Strategy
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Approve the commitment by Oxford City Council to enter into a pooled budget arrangement in order to fund adult homeless supported accommodation in Oxfordshire. 2. Approve Oxford City Council's annual contribution of £161,700 towards the pooled budget from Housing and Property's existing Homelessness Prevention funds base budget provision that is included in the current approved Medium Term Financial Plan 3. Delegate to the Head of Housing and Property Services, in consultation with the Board member for Housing, the discretion to increase/reduce the Council's contribution in years 4 (2020/21) and 5 (2021/22) from within existing approved Homelessness Prevention funds budgetary provision, if it is agreed by all parties to extend the current 3 year proposal. 4. Delegate authority to the Executive Director of Regeneration and Housing to enter into a Governance Agreement for the pooled budget before April 2017 	

Appendices	
Appendix 1	Risk Register

Introduction and background

1. In February 2015, Oxfordshire County Council Cabinet agreed a 100% cut to the current Housing Related Support of £1.5million. The County Council Cabinet agreed the cut would be implemented and phased over a three year period, starting on 1 April 2017, with no funds available in the final year, 2019-20.
2. Housing Related Support directly funds all current supported accommodation for single homeless people across the County, including the two homeless hostels located in the City – O’Hanlon House and Simon House.
3. The majority of accommodation units are based in the City (252 units out of 285), with 13 units in Cherwell, 14 in South Oxfordshire District Council and 6 in West Oxfordshire District Council.
4. Housing Related Support funding cuts will have a significant impact on the accommodation available for single homeless people across the County and all associated stakeholders – Districts and City, County Council and the Oxfordshire Clinical Commissioning Group – are dedicated to working in partnership to ensure that some provision can continue when the County’s cuts are implemented.
5. Oxfordshire Clinical Commissioning Group has historically contributed funds towards O’Hanlon House and is part of new arrangements in order to improve health outcomes for homeless people, particularly for people with complex needs.
6. Aware of the threat Oxfordshire County Council’s cuts pose to provision for single homeless people, Oxford City Council, through the Oxfordshire Health Improvement Board, took the opportunity and initiative to propose a joint, pooled arrangement with relevant partners in order to mitigate the impact of the cuts, although the cuts will still have severe effects.
7. A Health Improvement Board (HIB) workshop was established to address the implications of the funding cuts. Oxford City Council produced a paper to the HIB workshop, suggesting a level of financial contribution from Districts and City to single homeless supported accommodation from 1 April 2017. Contributions were calculated based on the level of use of the adult homeless pathway at the time of the paper. The parties agreed in principle to the level of contributions.
8. With a commitment in principle, a financial envelope had been established and the HIB workshop tasked an officers group to work up options for how the agreed finances should be used, as well as to propose governance arrangements.
9. Officers from Oxfordshire County Council, Oxford City Council, South Oxfordshire District Council, Vale of White Horse District Council, West Oxfordshire District Council, Cherwell District Council and the Oxfordshire Clinical Commissioning Group are part of the officers group.

Principles for commissioning of new provision

10. The officer group developed a preferred option for continuing to deliver accommodation services for single homeless people in the County. The option was developed using the new reduced financial envelope. The option was endorsed by the Members on the HIB workshop on 1 July 2016.
11. The key principles for this option are:
 - a. Parties to enter into a new 3-5 year governance and commissioning arrangement with the County Council as the lead body undertaking all contract management and monitoring for, and in communication with, the other partners
 - b. Financial contribution for 3 years from all parties into a pooled budget to be used to procure services for the purpose of providing accommodation of single homeless people
 - c. Provision of a joint commissioned and joint used complex needs service to be based in the City
 - d. Local services for local people in each of the Districts and in the City.
 - e. Substantial transition arrangements during the first year of new arrangements, 2017/18 (year 1).

Pooled budget

12. Over the three years, the pool budget will oversee a total of £2,940,000, contributed by the 7 parties (4 District Councils, City Council, County Council and the Clinical Commissioning Group). Individual contributions by all parties to be agreed in September 2016. Proposed expenditure as follows:

Housing Related Support Pool Budget Expenditure	2017/18 Year 1	2018/19 Year 2	2019/20 Year 3
Based on preferred commissioning option	£1,246,000	£847,000	£847,000
	Total		£2,940,000

13. Year 1 has been allocated significantly more funds due to the transition from current services to new arrangements. There is a strong commitment from all parties to provide sufficient time and funds for a well-planned transition.
14. Year 2 and year 3 will see the new arrangement and services in place. There is no commitment for contribution beyond the first 3 years from any of the parties at the present time. A review will be carried out early in year 3 in order for all parties to make a decision on funding for year 4 and 5.
15. The pooled budget requires Oxford City Council to make a contribution of £161,700 per year for three years. These funds will be sourced from the current Preventing Homelessness revenue base budget. See financial implications below.

Agreed commissioning option

16. The agreed option for services will see a reduction in units. The new option will provide the following:
 - a. 56 units of accommodation for clients with complex needs for use by all Districts but based in the city. Provision will be jointly commissioned and monitored and number of units allocated depending on current usage. This is a reduction from the current 107 units used for complex needs.
 - b. Retention of local services in Districts. This provision will be commissioned and monitored by each individual District.
 - c. Retention of some current accommodation units in the city for city use, estimated between 42 and 50 units. City officers will work with providers and partners to source the best option based on need for the city. This provision will be commissioned and monitored by the City.

Implication for Oxford City Council

17. The pooled budget arrangements means significant change to current adult homeless accommodation provided as a whole for Oxfordshire. There will be a reduction in units – from the current total of 285, to between 131 and 139 units. This means a reduction of between 146 and 154 units.
18. The pooled budget will fund an estimated total of between 69 and 77 units for clients with an Oxford City connection to use, including a proportion of complex needs beds for each of the first 3 years.
19. City Council officers are working on the estimate that the City needs a total of 150 units per year currently in order to cater for the City's single homeless need. This means that Oxford City Council will have to consider funding a number of units from our existing base budget funds outside the pooled budget (estimated between 73 and 81 units) provision. This would have a significant impact on Oxford City Council's Homelessness Revenue Allocation funds. A recommendation for spend of remaining funds will be made to CEB.
20. Any accommodation funded independently by the City Council from its own funds, will not be part of the pooled budget arrangements.
21. Oxford City Council and partners also note that there is uncertainty over the future level of rent eligible for Housing Benefit for supported accommodation. Organisations providing supported housing rely heavily on income from an enhanced level of Housing Benefit. The Government is expected to make a decision within the next 12 months if eligible rent for supported housing is to be restricted. Any such restriction would pose a serious threat to services, to which commissioners for future service may need to respond.

Governance Agreement

22. An outline Governance Agreement has been developed and agreed by officers from the parties contributing to the pooled budget, setting out the working relationship between the parties; commitment to funding; decision making process; and reporting structures.
23. The final Governance Agreement would have to be agreed and formally signed by all parties before April 2017.

24. Oxfordshire County Council will hold the pooled budget and act as the accountable body and the final Governance Agreement will ensure this clarifies liabilities and obligations of parties in the event of any over/underspend during any one financial of the agreement.
25. It is proposed that an 'officer group' – Housing Related Support Joint Management Group - agree a commissioning approach as well as report into HIB in order to ensure the Governance Agreement is adhered to.

Financial implications

26. Expenditure towards the pooled budget will be met from the City Council's Homelessness Prevention funds base budget provision, that is included within the Council's existing Medium Term Financial Plan. The implications of the pooled budget arrangement, combined with any need for Oxford City to fund a large number of units from Homelessness Revenue Allocation funds in order to meet needs, could make less funds available for currently funded services and organisations.

Legal issues

27. All parties will sign up to a Governance Agreement. This agreement will have been signed off by the parties' respective legal teams. All parties to the agreement are currently seeking approval to the pooling proposal from their policy making bodies.

Level of risk

28. Risk Register is attached in Appendix 1.

Equalities impact

29. This intervention will maintain some services for vulnerable single homeless people that would otherwise be cut. Therefore there is a positive impact on vulnerable homeless people, and in particular those with complex need.

Conclusion

30. Cuts to Oxfordshire County Council's Housing Related Support funds from 1 April 2017 will have a significant impact on supported accommodation provision for single homeless people across Oxfordshire.
31. Districts and City Council, as well as current funders to the adult homeless pathway, Oxfordshire County Council and Oxfordshire Clinical Commissioning Group have agreed a preferred option for provision and funding of services. The preferred option has been endorsed by HIB.
32. A pooled budget will be used to fund services, although with a reduction to units, from 1 April 2017. All parties will sign up to a Governance Agreement.
33. CEB is asked to agree to the pooled budget arrangement and funds contributed from City, as well as to enter into a Governance Agreement when this has been finalised.
34. Oxford City Council officers will work up options for allocation of Homelessness Revenue Allocation Funds in order to mitigate effects of County Council cuts and at the same time ensure that services are funded in the city to meet need.

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Background Papers: None