

focus on working with new street homeless people along 'No Second Night Out' principles); the role of the County Homeless Coordinator; and a budget for the Severe Weather Emergency Protocol.

- 3.3 This partnership considered the new DCLG funding opportunities, and decided to focus on the strand relating to the most entrenched homeless client group, which is to be delivered via social impact bond (SIB) funding.
- 3.4 The SIB project is to run for 4 years, and has pre-determined outcome rates, with payments made by result (PbR) for access and sustainment of accommodation, education / training / employment, mental / physical health services, addiction services etc.
- 3.5 Criteria for the project are specified as minimum fixed cohort of 100 individuals, of whom each are all of the following:
 - Verified rough sleeping 6+ times in last 2 years, OR repeat interaction with homelessness services in last 3 years
 - At least 2 complex needs (eg mental health, addiction, offending, long-term health problems)
 - Aged 18+
 - Not effectively supported through existing services

 - The DCLG prospectus also listed a requirement for strong existing partnership work across councils and healthcare / police etc, and for co-commissioning of the service provider.
- 3.6 The County Homeless Coordinator gathered information to demonstrate that there are more than 100 individuals in Gloucestershire who currently fit all of these criteria, that there is significant need for a new service to 'fill the gaps' for this specific client group, and that there are well-regarded potential service providers who have expressed interest in tendering should the Gloucestershire funding application be successful.
- 3.7 The County Homeless Coordinator had previously been on conferences regarding social investment in homelessness, had researched evaluations and spoken with providers of the pilot SIB project working with entrenched homeless people in Greater London, and was satisfied that the methodology was well researched and effective, and that alternative funding sources for this work were not available.
- 3.8 Strategic housing managers and commissioners within the County Homelessness Implementation Group (CHIG) therefore agreed that we applied for the funding.
- 3.9 The funding model for this Social Impact Bond project has been pre-determined by DCLG and is as follows:
 - Commissioner procures provider, and awards contract

- Provider secures social investor(s) and agrees separate contract
- Social investor pay up-front service costs to provider
- Provider achieves range of results, and evidences to commissioner each quarter
- Commissioner submits results to DCLG
- DCLG pays commissioner, who pays provider, who re-pays social investor

- 3.10 We have had confirmation from DCLG that there is no financial liability to commissioners:
“The local authority would not be financially liable if the project failed. In a Social Impact Bond, the financial risk lies with the social investor who provides up front funding to the provider to deliver the project or service. Commissioners will only pay outcomes payments that will be used to pay the Social Investor back, once these outcomes are achieved - so ultimately, if outcomes fail, the commissioners don't have to pay anything.”
- 3.11 The County Homelessness Implementation Group has developed a pattern that each new county-wide initiative is led by a different authority: Cotswold District Council is lead authority for the recent homeless Outreach project, for example. Given the high prevalence of entrenched rough sleeping within Gloucester City and the importance of linking this work to the homelessness outreach work, it was agreed by partnership members that Gloucester City would lead on this project if a bid were successful.
- 3.12 The application was submitted to DCLG in November, with letters of support from various public sector and VCS partners (see Appendix 2). The project model to be commissioned laid out in the application envisioned ‘link-workers’ providing high levels of long-term, continuous and tenacious support; and facilitating a ‘Housing First’ accommodation methodology as far as possible. We specified the cohort at 110 individuals, with average outcomes spend of £9000 per person; and therefore a total maximum outcomes budget of £990,000.
- 3.13 In December, DCLG confirmed that Gloucestershire had been chosen as one of 8 areas across England (the other areas mainly large cities) to deliver an entrenched homeless SIB project, agreeing to maximum outcomes funding as requested.

4.0 Alternative Options Considered

- 4.1 There is clear need for work to be done exclusively with this client group of entrenched rough sleepers and repeat users of homeless services; as above, a list of over 100 individuals who fit the criteria for this funding was established pre-application. If this kind of specific project is not undertaken, the existing outreach team will continue to be very stretched working with these entrenched and repeat homeless people, as well as ongoing new rough sleepers. This is likely to mean that new rough sleepers will not be given sufficient support to quickly enable them off the streets quickly, hence adding to the cohort of repeat and rough sleepers. Implications for that scenario are likely to include:
- a) More people at risk of significant physical or mental health deterioration, and exposure to danger – in all cases potentially leading to death

- b) Continued and expensive use of public services, including long-term and repeated use of acute healthcare services, supported housing, and the criminal justice system
- c) Continued nuisance and distress to the members of the public through exposure to needles, rubbish, begging, and anti-social behaviour
- d) Continued negative media exposure, and criticism from agencies such as Healthwatch - regarding the ongoing problem of street homelessness
- e) Additional negative media exposure - regarding a failure to accept and use almost £1 million of central government money (already publicised by the government) which would benefit some of the most vulnerable people in the city and county.

The option to 'do nothing' is therefore not recommended.

- 4.2 This kind of work is not a statutory requirement, and there are no government direct grants for it either currently, or on the horizon. Apart from the London pilot, this is a new initiative in England and has not been previously funded by either first or second tier local authorities, both of whom clearly have decreasing budgets. This model of social investment for entrenched rough sleeping intervention has been successfully piloted in Greater London, and seems to be the government's preferred option.

The option of alternative funding is therefore not realistic.

6.0 Reasons for Recommendations

- 6.1 For reasons given above, the project itself offers significant benefits for a very vulnerable client group, as well as for the wider population. Other options are not recommended or available.
- 6.2 It is recommended that Gloucester City acts as Lead Authority, as
- a) other districts have acted as lead for other county-wide homeless and strategic housing initiatives, and it would be fair for Gloucester to offer; and
 - b) street homelessness is particularly problematic and evident in Gloucester, and has attracted repeated media attention. Taking a lead on this would show that Gloucester City is serious in responding proactively and innovatively to the issue; and further, would be integral to a 'good news story' of significant new investment into the area.

As above, the project will be entirely funded by a social investor, with DCLG money entirely underwriting repayments by results. As below, costs in commissioning and managing the project have been recently separately requested to DCLG, as indicated in the DCLG prospectus; we expect to have these confirmed in March.

- 6.3 It is recommended that authority is delegated to the Corporate Director, so that all necessary procurement and legal work can be carried out as soon as possible, to enable the project to be successfully commissioned and active within DCLG's tight timescales this year.

7.0 Future Work and Conclusions

Should the Cabinet Members be minded to approve this recommendation, future work is likely to be undertaken as follows:

- March 2017: completion of tender specification by countywide task group
- March 2017: market engagement event with potential service providers and social investors
- March-April 2017: checking of specification, and drawing up of Invitation To Tender and draft contract by Gloucester City procurement and legal teams
- Drawing up and signing of partnership's Participation Agreement
- April 2017: publication of Invitation To Tender on OJEU / ProContract etc
- May-June 2017: evaluation of tenders and award of contract
- October 2017: start of service
- 2017-21: quarterly monitoring by County Homeless Coordinator. Quarterly governance by CHIG steering group. Quarterly transactions (of DCLG payments to commissioned provider) by Gloucester City finance team
- 2021: completion of service

8.0 Financial Implications

8.1 As above, up-front provider costs will be entirely made by a social investor by separate agreement, independent of commissioners; and quarterly payments (to repay the investor) are made to the provider, dependent on results, entirely from the DCLG. The council will therefore not fund the service, and will have no financial risk liability.

8.2 Initial legal costs have been estimated at £3000, and initial procurement costs at £2000. Financial costs incurred by making quarterly transactions to the provider (having received DCLG payments) have been estimated at not more than £500 / year – i.e. £2000 total. This total base financial implication has been requested to the DCLG: the DCLG indicated in their prospectus that these bridge costs would be paid by them, but as they have only just invited requests, we have not yet had confirmation of this. Should this £7000 total not be paid by DCLG, these costs will be shared amongst the 6 district councils and the county council as per a Partnership Agreement, at £1000 cost to Gloucester City Council.

Validation of quarterly results will be made by the County Homelessness Coordinator, and overseen by the CHIG steering group – both already in place, and at no extra cost. (We have sought extra funding for this in the recent bridging costs application, and expect to get this; however, should this not be forthcoming, the Coordinator will still have capacity to do this work as a key priority).

(Financial Services has been consulted in preparation for this report.)

9.0 Legal Implications

9.1 It is proposed that the participating councils and the CCG will enter into a Partnership Agreement to ensure that all parties are aware of their respective roles and responsibilities.

9.2 The council, as Lead authority will undertake the procurement mentioned in this report in accordance with the council's Contract Rules. The tender documentation will be based on DCLG templates.

(One Legal, has been consulted in preparation for this report.)

10.0 Risk & Opportunity Management Implications

10.1 Taking a lead role in this project will enable the City Council to provide strong leadership and ensure strong link to our on-going work on addressing rough sleeping and to support our work around the 'Safe and Attractice Streets' policy.

10.2 There are no financial risks to the City Council

Background Documents

None