

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>23 JULY 2024</b>
<b>Report Title:</b>	<b>HOUSING SUPPORT GRANT UPLIFT</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>RYAN JONES STRATEGIC HOUSING COMMISSIONING MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no impact on the policy framework or procedure rules – the uplifts requested in the report fall within Bridgend County Borough Council’s (BCBC) Contract Procedure Rules.</b>
<b>Executive Summary:</b>	<p><b>BCBC has received an uplift in Housing Support Grant (HSG) funding from Welsh Government of £610,661 for 2024-25.</b></p> <p><b>The Member of the Senedd has allocated this additional funding with the very clear expectation that this should be used to address pay pressures across the sector in the first instance and assist commissioners in supporting providers to deliver on Welsh Government’s broader commitment to Fair Work and the Real Living Wage.</b></p> <p><b>Following notification of the uplift engagement has taken place with all commissioned providers supported by the HSG. This report details and asks for Cabinet approval to uplift contracts to achieve Welsh Government’s expectations of the use of the uplift.</b></p>

## **1. Purpose of Report**

1.1 The purpose of the report is to:

- Update Cabinet with regards to commissioning arrangements, following an uplift in Welsh Government (WG) Housing Support Grant (HSG) funding for 2024-25.

- Seek approval from Cabinet to uplift relevant contracts to ensure commissioned providers can address pay pressures and that no Housing Support Grant funded contracts are in a deficit.
- Delegate authority to the Head of Partnerships and Housing in consultation with the Chief Officer Finance, Housing and Change and the Chief Officer – Legal and Regulatory Services, HR and Corporate Policy to negotiate terms for the modification of certain contracts to give effect to Cabinet approved uplifts and to arrange execution of appropriate documentation
- Notes that the remainder of the contract modifications will be approved in accordance with the Council's Scheme of Delegation

## **2. Background**

- 2.1 The Housing Support Grant (HSG) is an early intervention grant programme to support activity which prevents people from becoming homeless, stabilises their housing situation, or helps potentially homeless people to find and keep accommodation.
- 2.2 Following the publication of the indicative Welsh Government budget for 2024-25 Local Authorities were given an indicative HSG allocation and were required to submit to Welsh Government their Delivery Priorities, Stakeholder Engagement, Spend Plan and Annex A: Homelessness Statutory Duties, from their annual HSG Delivery Plan. An offer of grant was then made, following the publication of the final Welsh Government budget.

## **3. Current situation/ proposal**

- 3.1 For 2024-25 Welsh Government provided an additional £13 million uplift across Wales, distributed in line with the existing Housing Support Grant distribution formula. For Bridgend County Borough Council (BCBC) this means an uplift of £610,661. BCBC's total HSG allocation for 2024-25 is £8,572,183.86.
- 3.2 Welsh Government have confirmed that whilst HSG budget allocations are on an annual basis, the increased HSG allocation to Local Authorities should be treated as the new baseline for HSG funding.
- 3.3 The Member of the Senedd has allocated this additional funding with the very clear expectation that this should be used to address pay pressures across the sector in the first instance and assist commissioners in supporting providers to deliver on Welsh Government's broader commitment to Fair Work and the Real Living Wage. This is in acknowledgement of the importance and value of the workforce and to support the sector in achieving the Real Living Wage.
- 3.4 In Bridgend 72% of HSG funding is used to commission services via third sector providers. Commissioning arrangements are undertaken in line with BCBC's Contract Procedure Rules.
- 3.5 Following notification of the uplift and expectations, engagement has taken place with HSG commissioned providers on a one to one basis. Through engagement we have sought to understand the position with regards to providers' current funding, in

particular whether funding is sufficient to ensure contracts are not in a deficit position.

- 3.6 Following this work it has been established that whilst some contracts are adequately funded, a number of contracts are in a financial deficit to varying degrees.
- 3.7 Where a contract deficit has been identified targeted work has been undertaken to ensure this is a genuine position and to explore all options to resolve, including maximising all funding streams and restructuring staff teams.
- 3.8 To ensure no HSG commissioned contracts are in a deficit position, uplifts to six support providers are proposed. All uplifts will be effective from 01<sup>st</sup> April 2024 and in place for the remaining lifetime of the contract.
- 3.9 The majority of the uplifts can be approved via the Council's existing Scheme of Delegation, however there are uplifts to two providers, the Wallich and Llamau for which Cabinet's approval is required in line Contract Procedure Rule 3.6:

*3.6 Approval to any modification of an existing Contract or Framework Agreement must be obtained...:*

*(a) from the Appropriate Body where the value of the modification of a Contract or Framework Agreement exceeds £100,000;*

- 3.10 BCBC's Contract Procedure Rules state that a contract may be modified in the certain circumstances, including the following scenarios:

Firstly, under CPR 3.3.6:

*Where the value of the modification is below both of the following values:—*

- (i) the relevant applicable financial thresholds contained in the Regulations, and*
- (ii) 10% of the initial Contract Value for service and supply Contracts and 15% of the initial Contract Value for works Contracts,*

*provided that the modification does not alter the overall nature of the Contract or Framework Agreement.*

*Where several successive modifications are made, the value shall be the net cumulative value of the successive modifications and the updated figure shall be the reference figure when the Contract includes an indexation clause.*

Secondly, under CPR 3.3.3:

*Where all of the following conditions are fulfilled:*

- (i) the need for modification has been brought about by circumstances which the Council having been duly diligent could not have foreseen;*

- (ii) *the modification does not alter the overall nature of the Contract;*
- (iii) *any increase in price does not exceed 50% of the value of the original Contract or Framework Agreement.*

*For the purpose of the calculation of the price the updated figure shall be the reference figure when the Contract includes an indexation clause.*

3.11 The detail of the contracts requiring modification via Cabinet approval is set out below:

Provider	Contract	Initial Contract Value	Annual Value of modification	Total Value of modification (to end of contract)	% increase to Initial Contract Value
Llamau	Young Persons Services Under 18	£1,663,821.60	£118,995.56	£317,321.49	19.07%
Wallich	Young Persons 18-25	£2,986,231.12	£45,146.90	£120,391.73	4.03%
Wallich	Temporary Supported Accommodation	£3,025,000	£23,544.03	£105,948.14	3.50%

3.12 As may be seen from the table above, the value of the modification of each contract with the Wallich is below 10% and therefore approval is sought under CPR 3.3.6. For the proposed modification to the contract and for Llamau, approval is sought under CPR 3.3.3, on the basis that need for contract uplifts has largely been impacted by the unpredictable high levels of inflation, there is no modification to the overall nature of any contract and no increase exceeds 50% of the original contract value. In relying on the ground in CPR 3.3.3 for approval, the Council will be obliged to publish a modification notice in accordance with the requirements of CPR 3.5

*Where the Council has modified a Contract in accordance with Rule 3.3.2 or Rule 3.3.3 the Council is required to send a notice to that effect, in accordance with Regulation 51 of the Regulations for publication. Such a notice shall contain the information set out in Regulation 72.4 of the Regulations.*

3.13 The total annual value of the uplifts detailed in the table at 3.11 is £187,686.49 and £543,661.36 to the end of the respective contractual periods. The remaining modifications are each of a value below £100,000 and therefore will be dealt with under the Council's Scheme of Delegation.

3.14 The total value of the proposed uplifts, including the above and those to be approved separately via the Scheme of Delegation is £274,605.92 per annum. The remainder of HSG uplift funding not required to increase contracts (£336,055.08 per annum) will be allocated in accordance with existing processes, with governance via a cross directorate Lead Forum, Chaired by the Chief Officer – Finance, Housing and Change.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

## **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 Housing Support Grant funded services are key to tackling homelessness, which is a Welsh Government priority. The report contributes to the following goals within the Well-being of Future Generations (Wales) Act 2015:

- A prosperous Wales – Reducing homelessness supports a prosperous Wales by reducing cost to the public purse. An uplift in funding will ensure that funding for services is sustainable, to ensure ongoing service delivery.
- A resilient Wales – Services aim to prevent and relieve homelessness, increasing the resilience of both individuals supported and the general structures in place to support the goal of achieving a position where homelessness in Wales is rare, brief and non-recurrent. Increased funding for services includes the general resilience of funding arrangements in place, improving staff retention and recruitment.
- A Wales of cohesive communities – Preventing individuals from becoming homeless will support cohesive communities.
- A globally responsive Wales – Homelessness is an issue across the globe. These strategic documents set out the approach Bridgend will take to support Wales in its efforts around this agenda.

5.2 It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **6. Climate Change Implications**

6.1 The prevention and relief of homelessness supports the agenda around climate change. A key priority is to increase BCBC's affordable housing supply to meet demand, with the intention of informing affordable housing schemes to meet these needs.

## **7. Safeguarding and Corporate Parent Implications**

7.1 Homelessness and housing support services play a key role in supporting BCBC's safeguarding agenda, both from an individual perspective with services often supporting vulnerable individuals, known to safeguarding agencies.

## **8. Financial Implications**

8.1 The cost of the contract uplifts to be approved by Cabinet is detailed at 3.11. The total annual cost of the proposed uplifts at 3.11 is £187,686.49 per annum and £543,661.36 to the end of the contractual periods. There are a number of smaller uplifts that will be approved through the delegated powers process. All uplifts will be funded via BCBC's Housing Support Grant allocation.

## **9. Recommendations**

9.1 It is recommended that Cabinet:

- Note the contents of this report;
- Approves the modification of contracts detailed in this report under Contract Procedure Rules 3.3.3 and 3.3.6 to ensure commissioned providers can address pay pressures and that no Housing Support Grant funded contracts are in a deficit.
- Delegates authority to the Head of Partnerships and Housing in consultation with the Chief Officer Finance, Housing and Change and the Chief Officer – Legal and Regulatory Services, HR and Corporate Policy to negotiate terms and arrange execution of appropriate documentation for the modification of these contracts
- Notes that the remainder of the contract modifications will be approved in accordance with the Council's Scheme of Delegation

### **Background documents**

None