

REPORT TO CABINET

18 JUNE 2026

REPORT OF CORPORATE
MANAGEMENT TEAM

KEY DECISION

**Cabinet Member for Housing & Transport – Lead Cabinet Member – Councillor
Richard Eglington**

**Cabinet Member for Children & Young People – Lead Cabinet Member – Councillor
Clare Besford**

Procurement of Temporary and Supported Accommodation Contracts

Summary

This report seeks approval to commence a procurement exercise to ensure that the Council has access to appropriate temporary emergency and supported accommodation for adults (singles, couples and families), children in our care (over 16 years of age), care leavers and 16 and 17 year olds who are homeless or at risk of homelessness.

Reasons for Recommendation(s)/Decision(s)

The provision of temporary accommodation is essential for the Council to meet its statutory duties to those experiencing homelessness, ensuring that interim accommodation is available while individuals secure a permanent home. This differs from supported accommodation, which is designed to support individuals who are not yet ready for independent living. Supported accommodation provides targeted support to help individuals develop the necessary skills, resilience and confidence required to sustain a tenancy and transition successfully into independent living. The provision of both temporary and supported accommodation directly contributes to the ambitions set out in the Stockton-on-Tees Plan, particularly in delivery the *Best Start in Life* and *Healthy and Resilient Communities* priorities.

Recommendations

1. To approve the proposal (as detailed in paragraph 12 to 15 of this report) to move forward with the procurement of new contracts for both Temporary and Supported Accommodation for adults (including singles, couples and families).
2. To approve the proposal (as detailed in paragraph 31 to 35 of this report) to move forward with the procurement of new contracts for Supported Accommodation for 16-year-old and over Children in Our Care, Care Leavers and 16 and 17 year-olds who are homeless or at risk of homelessness.

3. Cabinet gives authority to the relevant Director or Assistant Director to make the specific contract award decision and any subsequent contract variation, annual inflationary uplifts (where allowed in the contract terms and conditions) and extension decision.

Detail

Background/context

1. As members will be aware, significant cross cutting work is ongoing at this present time to improve access to affordable housing, particularly to increase the availability of 1-bed properties. In addition (and as detailed within the body of this report) work is ongoing to proactively prevent children entering care and to support the reunification of children with their birth families.
2. These key strands of work will have a positive impact on the demand for temporary and supported accommodation including reducing overall expenditure; however, they will take some time to deliver measurable outcomes. In the interim, it is essential that appropriate temporary and supported accommodation provision is maintained to meet the needs of adults (including singles, couples and families), children in our care aged 16 and over, care leavers and 16–17-year-olds experiencing homeless. It is therefore proposed, subject to Cabinet approval to proceed with the procurement approach outlined paragraphs 12 to 15 and 31 to 35 of this report.

ADULTS (COUPLES, SINGLES AND FAMILIES)

Adults: Current Temporary Accommodation Contracts

3. Existing temporary accommodation arrangements were procured in 2021 based on emergency temporary accommodation only (as detailed in **Table 1**). The existing contract was awarded on an initial term of 3-years, commencing 1st October 2021 with the option to extend for 2 additional 1-year periods.

Table 1 - 2021 contracts

| <i>No. of units</i> | <i>Needs Group</i> |
|---------------------|--|
| 87 units | <p>Single adults (including couples) with complex needs.</p> <p>Includes the provision of 7 hours of housing related support per week* (paid at an hourly rate).</p> <p><i>Provided through hostel based accommodation.</i></p> |
| 10 units | <p>Single adults (and couples) low needs.</p> <p>Includes the provision of 3 hours of housing related support per week* (paid at an hourly rate).</p> <p><i>Provided through dispersed accommodation (i.e. a house or flat)</i></p> |
| 20 units | <p>Family accommodation.</p> <p>Includes the provision of between 4.5 to 5 hours of housing related support per week* (paid at an hourly rate).</p> <p><i>Provided in a purpose build temporary accommodation block or dispersed accommodation units.</i></p> |

Housing-related support: includes for example, identifying and addressing barriers to accessing and sustaining housing as well as developing practical skills required to live independently. This may include managing a tenancy, protecting your own front door and the practicalities of living in your own accommodation (including cooking and paying bills) .

Revisions to the 2021 Temporary Accommodation contract:

4. In addition to the temporary accommodation detailed in **Table 1**, further provision has been brought online to respond to emerging needs and service pressures needs, as detailed in **Table 2** (overleaf).

Table 2 - additional units brought online

| <i>No. of units</i> | <i>Needs Group</i> |
|---------------------|---|
| 12 units | <p>Single adults (with complex needs, with a history of rough sleeping).</p> <p><i>Provided in a block of 6 units and 6 dispersed (flatted units).</i></p> <p>Housing related support costs were initially funded via monies secured from the Governments 'The Rough Sleeper Initiative'. The service is delivered through 2 dedicated support workers for these 12 units. Since MHCLG monies have ceased the support worker costs have been met by the Council.</p> |
| 14 units | <p>The flexibility of this dispersed accommodation (flats and houses) allows it to be used for families, couples and/or singles.</p> <p><i>Provided through dispersed accommodation (i.e. a house or flat).</i></p> <p>Housing related support within these units is provided either through funding secured via the Governments 'Local Authority Housing Fund' or directly by an in-house Support Officer.</p> |

5. The total number of temporary accommodation units (**Table 1 & 2**) totals 143; 109 units for singles, 20 for families and 14 which can be used by singles/couples or families.
6. During 2025/26 the total spend on the above contracts was £702,000. Members are asked to note that these costs relates to the 'housing-related support' costs of temporary accommodation and does not include the cost of the accommodation itself (i.e. rent and any applicable service charges). Depending on an individual's financial circumstances housing costs will be met by Housing Benefit or by eligible payments made by the individual.

Other forms of temporary accommodation:

7. Despite the increase in temporary accommodation provision detailed in **Table 2**, demand has exceeded available supply. When all commissioned units are fully occupied, it has been necessary for the Homelessness Service to use non-commissioned accommodation. This has included the use of other interim accommodation options such as bed and breakfast (B&B) accommodation.
8. Whilst the use of B&B accommodation may be appropriate in some circumstances (for example where it is unsafe for the individual or family to remain in the borough), in most

cases placements have been made due to the lack of availability within commissioned accommodation. **Table 3** demonstrates the demand for temporary accommodation during the current contract period. Members are asked to note that the Homelessness Service seeks to minimise the use and length of stay in non-commissioned accommodation i.e. individuals are moved into commissioned accommodation or permanent accommodation at the earliest opportunity.

Table 3 – total number of placements in non-commissioned accommodation

| Year | No. of singles placed in non-commissioned or nightly-paid accommodation | No. of families placed in non-commissioned or nightly-paid accommodation |
|---------|---|--|
| 2022/23 | 270 | 47 |
| 2023/24 | 200 | 72 |
| 2024/25 | 374 | 80 |
| 2025/26 | 418 | 78 |

Total spend on temporary accommodation costs:

9. The total cost incurred by the Council during 2025/26 for commissioned and non-commissioned on adult temporary accommodation was £880,000. This was funded through a mix of Council resources and Government grants secured by the Council to address homelessness challenges. Rising expenditure costs incurred on temporary accommodation is not unique to Stockton-on-Tees and is a pressure faced by local authorities nationally.

Adults: Projected Future Needs

10. In determining future accommodation needs the Homelessness Service has considered a range of factors, including:
 - (a) *Current service demands:*
 - The number of households assessed under the Homelessness Reduction Act: in 2025/26 this was 2349 (slightly lower than 2024/25). Of these, 732 were 'relief' cases, where applicants were assessed as being homeless and eligible for assistance.
 - The number of placements made in both commissioned accommodation: during 2025/26 310 applicants were placed in commissioned temporary accommodation; 262 singles and 48 families. The number of placements in non-commissioned emergency accommodation is detailed in Table 3.
 - (b) *The wider housing context:*
 - The current and anticipated supply of affordable move-on accommodation across both the private rented and social rented sectors. This is particularly challenging for those requiring 1-bed accommodation.
 - (c) *The changing needs of those seeking support from the Homelessness Service:*
 - As with many local authorities, a considerable proportion of those approaching the Homelessness Service, specifically single people are not simply 'roofless', but present with multiple and complex needs. These include histories of drug & alcohol dependency, as well as physical and mental health issues. As a result, tailored housing related support is essential to enable individuals to successfully move on from homelessness and sustain a tenancy.

11. In addition to the above it is recognised that future arrangements must be sustainable and financially viable for the Council, ensuring that value for money is achieved.

Adults: The Proposed New Model

12. Subject to Cabinet approval, the proposal is to proceed with a procurement exercise to secure both **temporary emergency accommodation** and **supported accommodation**. In both cases, the funding model for housing-related support will move away from a fixed allocation of ‘hours of support’ towards the provision of **on-site Support Officers**. Under this model, one full-time equivalent (FTE) Support Officer will support a caseload of approximately 8 individuals, enabling support to be flexed according to individual needs. This approach is preferable to the existing model (a fixed allocation of housing-related support hours per individual), as individuals did not always engage. In addition, the proposed model allows for the inclusion of supported accommodation to be delivered within the available budget. The proposed new model is summarised in Table 4 below:

Table 4 – The Proposed New Model

| <i>Temporary (emergency) Accommodation</i> | |
|--|---|
| <i>No. of units</i> | <i>Needs Group</i> |
| 40 units | Single person accommodation |
| 28 units | Family accommodation |
| 3 units | Flexible accommodation (single or families) |
| <p>This provision will ensure the Council is able to meet its statutory duty to provide those who are homeless who are assessed as vulnerable and therefore in priority need (in accordance with homelessness legislation).</p> <p>This accommodation will be used primarily for individuals and families who are ‘roofless’ and are able to move on to suitable accommodation as soon it becomes available.</p> | |
| <i>Supported Homeless Accommodation</i> | |
| <i>No. of units</i> | <i>Needs Group</i> |
| 40 units | Single person accommodation – mixed gender |
| 6 units | Single person accommodation – female only |
| <p>This provision will deliver targeted support to those who are to not yet ready to sustain a tenancy independently. Housing-related support will be provided to help individuals develop the necessary skills and resilience to transition successfully into independent living.</p> | |

13. Whilst the total number of units (**121**) proposed in this new model is lower than the total number of units (commissioned and non-commissioned) accessed during 2025/26, the revised approach has been designed to better align provision with identified need. It places greater emphasis on an appropriate placement (in either temporary or supported accommodation), enhanced support and improved throughput, aimed at reducing reliance on emergency and non-commissioned accommodation. This is expected to deliver improved outcomes for residents and better value for money.
14. To avoid an over-concentration of temporary and supported accommodation in locations which may already have high numbers of private rented and/or transient populations, it is

proposed to limit the number of units which the Council will procure within a single road or street.

15. Finally, to ensure that the proposed model meets the Council's needs, the initial contract award will be for a 2-year term with the option to extend for up to two 1-year extensions.

CHILDREN'S SERVICES

16. Children's Services commission supported accommodation models for young people in care and care leavers to meet statutory duties under the Children Act 1989 to:

- take steps to develop accommodation provision to meet the needs of all children and young people in care locally as far as is possible.
- provide both emergency and continued accommodation and support to 16- and 17-year-olds who are homeless or are at risk of homelessness.
- provide suitable accommodation to young people leaving care (over 18 years old) unless their welfare does not require it.

17. The aim of supported accommodation is to help young people develop the skills and confidence they need for greater independence while ensuring they remain safe in a homely and nurturing environment. This provision can be appropriate for some young people where it aligns with their wishes, meets their assessed needs and supports a carefully managed transition to independence. Supported accommodation is primarily used for 16 and 17-year-old children in care to enable them to live semi-independently, and for young people aged 18 and over as care leavers.

18. Supported accommodation for 16 and 17-year-olds is governed by The Supported Accommodation (England) Regulations 2023, which apply to provision supporting 16 and 17-year-old children in care and care leavers. The Regulations include Quality Standards that set out the outcomes providers are expected to achieve and establish a national regulatory framework under which all providers must register with Ofsted, which is responsible for inspection and ongoing monitoring to ensure compliance and safeguarding of young people.

Children's Services: Current Commissioned Services

19. Supported accommodation models currently commissioned by Children's Services range from shared supported accommodation with 24-hour on-site support through to dispersed accommodation (2-bed shared houses) with floating day-time support.

Table 5 - Current block contract commissioned services

| <i>Number of places</i> | <i>Support model</i> | <i>Contract length</i> |
|--------------------------------|---|-------------------------------|
| 8 | Support and accommodation for 16–17-year-olds. 24-hour on-site support with individual support hours for each young person to develop skills for independent living. | 01/02/2024 to 30/09/2026 |
| 10 | Support and accommodation for 16–21-year-olds 24-hour on-site support with individual support for each young person to develop skills for independent living. | 01/10/2020 to 30/09/2026 |

| | | |
|----|---|--------------------------|
| | 1 emergency flat ('crash pad') to support young people who are at risk of homelessness or come into care in an emergency. | |
| 6 | Support and accommodation for 16–21-year-olds 3 x 2 bed properties with floating day time support provided for young people to develop skills for independent living. | 01/11/2022 to 30/09/2026 |
| 12 | Support and accommodation for 18–25-year-olds Onsite security 24/7 and individual support each week for care leavers who need low levels of support to develop their independence skills. 1 emergency flat ('crash pad') to support young people who are at risk of homelessness. | 01/05/2025 to 30/09/2026 |

20. During financial year 2025-2026 the total annual spend on contracted commissioned supported accommodation was £934,000. Members are asked to note that this relates to support costs and accommodation costs when a young person is under 18 years. When a young person is aged 18 years or over, depending on their financial circumstances, housing costs are met by Housing Benefit.

21. The cost of commissioned supported accommodation varies significantly depending on the model of provision and the level of need of the young person. Weekly costs currently range from £125 per person per week for care leaver models, up to £947 per person per week for young people under 18 who are not eligible for housing benefit and require higher levels of support. This variation reflects the diversity of the market, which includes provision ranging from 24-hour staffed accommodation to more dispersed or floating support models. As a result, there is a broad spectrum of associated costs linked to property types, staffing ratios and the complexity of individual need.

Children’s Services: Other forms of delivering and commissioning supported accommodation

22. In addition to the block contracts referenced in **Table 5**, where a young person’s needs require them to live outside of the Borough, or where their needs cannot be met within existing commissioned services, accommodation and support arrangements are arranged through spot purchasing (i.e. placements outside of commissioned services and contracts) by the Children’s Brokerage Team. For the financial year 2025-2026 £3,474,000 was spent on individual spot purchased placements, reflecting a structural gap between demand and available commissioning provision, particularly for older young people with complex needs.

23. Projected demand remains high and stable, with children in our care is increasing and demand concentrated in the 16+ age cohort, where need is driven by complexity, care arrangement instability and variable transitions to independence. Forecasting indicates that this demand will not reduce in the medium term, but instead continue at a sustained level, requiring ongoing access to supported and transitional accommodation. To address this, the Council intends to implement a targeted sufficiency programme focused on reducing reliance on off-contract provision over time, through the following key workstreams:

- *Market shaping and capacity growth*: using provider gateway powers and strategic partnerships to increase local supported accommodation and specialist provision aligned to need.
- *Commissioning reform*: further developing a framework and block model to reduce reliance on spot purchasing and improve cost and quality control.
- *Internal capacity pipeline*: delivery of new provision (e.g. Edge of Care home, complex needs homes, supported pathways) to reduce emergency arrangements and out-of-area usage.
- *Demand and pathway management*: strengthening arrangement stability, step-down pathways and transition planning, including targeted work on 16–17-year-olds at risk of living in unsuitable accommodation.

24. In summary, the current £3.47 million plus off contract spend is a direct consequence of demand exceeding local sufficiency. The proposed procurement and wider work programme are designed to address this structurally, however a reduction in off contract spend will be gradual and dependent on the successful delivery of additional capacity.

25. Alongside this, Children's Services deliver 'in-house' supported accommodation through two distinct offers: 4 Staying Close flats linked to our children's homes and 6 Supported Lodgings providers. (Supported Lodgings involve hosts offering a young person a bedroom and access to facilities within their home, alongside support to develop independent living skills and prepare for adulthood).

Children's Services: Activity levels

26. During 2025:

- 29 (aged 16-17 years) young people were living in Ofsted registered supported accommodation.
- 38 care leavers (aged 18+) were living in a mix of Ofsted registered accommodation and other supported accommodation (18+ accommodation and support is not required to be registered with Ofsted).

Children's Services: Future need and sufficiency priorities

27. In determining the current and future need for services, Children's Services have used a range of quantitative data, operational intelligence and insight from young people in our care to develop our sufficiency strategy for 2026.

28. The children's services Sufficiency Strategy for 2026 outlines that wherever possible our approach to family support will keep families together and prevent children from coming into care.

29. Where this is not possible, we aim for this care to be with extended family or family friends, and if this is not achievable, through appropriately skilled and experienced foster carers.

30. For young people aged 16 years and over who require supported accommodation we seek to deliver a range of supported accommodation that can meet diverse needs into early adulthood.

Children's Services: The proposed new model

31. The supported accommodation framework will provide Children's Services with the ability to draw off block contracts and individual places via a framework to ensure we have a range of options to meet the needs of our young people through:
- **Block provision** (direct award or further competition) enabling the Council to secure guaranteed local capacity at a fixed cost. Block provision is where the Council pays for an agreed number of places in a provision (usually all the places available in that provision) over the term of a contract.
 - **Call offs for individual places in supported accommodation** to allow for flexible, needs led decisions so young people receive tailored support aligned with their assessed outcomes, where they may need to live outside of the Borough or their needs cannot be met within provision that is on the block contract. This element will be supported through the Childrens Brokerage team, utilising a pricing schedule template to review and negotiate appropriate costs.
 - **Targeted call offs** for a defined sufficiency need to allow the Council to directly address gaps in local provision, particularly where market capacity is fragile or unavailable. This enables proactive shaping of the market to ensure safe, appropriate options remain available within the borough if required.
32. The block element of the framework will be used to ensure the continuation of current commissioned services that are well utilised and high quality to ensure that there will be no gap in support for young people (please refer to **Table 5**). Block contracts will be called off within the current financial scope of existing services with a defined approach to managing uplift requests in place with finance throughout the life of the contract.
33. Children's Services are working proactively to prevent children from coming into care, and to reunify children with their birth families when it is safe and appropriate to do so, therefore there is an expectation over the lifetime of the contract that the need for supported accommodation will fluctuate. Call-offs against the framework for individual placements will give the Council flexibility to secure provision that best meets the needs of individual young people, while drawing on a pre-approved pool of providers where quality, price and outcomes have been robustly assured. This approach will reduce reliance on spot purchasing and support a more consistent, value-for-money commissioning model.
34. This model is deemed to be the most suitable approach as it combines block stability, individual flexibility and targeted sufficiency action, enabling the Council to secure the right type of provision at the right time and at a predictable cost, while strengthening local capacity, supporting ongoing provider entry and enhancing oversight, quality, and value for money in meeting statutory responsibilities.
35. The new model will maintain the current mix of places and support models that are currently commissioned as block contracts (please refer to **Table 5**) and provide the primary route for commissioning individual places in supported accommodation. To ensure that the proposed models meet the Council's needs, the initial contract award will be for a 2-year term with the option to extend by a further two 1-year terms.

Next Steps

36. Subject to agreement of the proposals detailed within the report it is proposed to move forward with a joint Adults and Children Services procurement exercise.

Community Impact and Equality and Poverty Impact Assessment

37. Two EPIAs have been completed (one for the Housing Service and one by the Children's Services) to ensure that the Council is following its legal duty to consider equality and diversity during the decision-making process. The conclusion of the EPIAs is that the proposals outlined within the report will have a positive impact on those who experience homelessness, those who experience physical and/or mental ill-health, those who are affected by poverty and those who have experience of care. The assessment has determined that no specific group or protected characteristic will be negatively impacted by the proposal.

Corporate Parenting implications

38. The proposals will have a positive Corporate Parenting impact by strengthening the Council's ability to provide safe, suitable and high-quality supported accommodation for children in our care and care leavers.
39. The introduction of a framework approach will improve placement choice and matching, increase quality assurance by Ofsted-registered providers, and reduce reliance on spot purchasing. This will support greater consistency, stability and better outcomes for young people, including their transition to independence.

Financial implications

40. Under the proposed new model (Adults and Children's), there will be a period of mobilisation and transitioning between existing and new arrangements (i.e. existing some contracts and bringing new accommodation online). On this basis it is anticipated that the new contract will not be fully operational until April 2027.

Adults: temporary emergency and supported accommodation

41. As noted within the body of this report in 2025/26 the cost of commissioned temporary accommodation services was £702,000, and the total cost of commissioned and non-commissioned accommodation £880,000.
42. On this basis it is anticipated that the new contract will not be fully operational until April 2027. For 2027/2028 the new contract cost value will be £648,000 and for 2028/29 £678,000 (reflecting the application of an annual uplift per FTE). Clearly there is a risk of continued reliance on non-commissioned accommodation should temporary accommodation demand outstrip supply or the throughput of accommodation not materialise. Budgets for these services will be maintained at current levels during mobilisation and reviewed once contracts are in place.

Children Services: supported accommodation

43. As noted within the body of this report, within the financial year 2025-2026 the cost of commissioned supported accommodation services was £934,000, and the total cost of commissioned and spot purchased supported accommodation was £4,408,000.
44. For 2027/2028 the new contract value will be maintained at the existing cost envelope of £934,000, which is included within Children's MTFP. Individual call off arrangements being drawn off and spend monitored against the 2025-2026 baseline. The Supported Accommodation budget has experienced budget pressures in 2025/2026. As outlined in the report above work is ongoing to identify ways to reduce the reliance on spot purchases, maximise value for money and reduce spend. Progress on reviews will be

updated through regular POF updates and performance against budget will be reflected in the regular MTFP updates to cabinet.

Legal Implications

45. The Council has a legal duty under the Homelessness Reduction Act 2017 and Part 7 of the Housing Act 1996 to provide advice and assistance to anyone who is homeless or at risk of homelessness. Where an individual is homeless and appears to be in priority need, the council is responsible for arranging interim accommodation immediately and if the main housing duty is accepted, for securing suitable temporary accommodation until a long-term housing solution is found.
46. The Council has statutory duties under the Children Act 1989 (as amended) to safeguard and promote the welfare of children in its care and to ensure sufficient, suitable accommodation is available for looked after children and care leavers. This includes duties under sections 20, 22 and 23C relating to the provision of accommodation and support. In addition, under the Children and Social Work Act 2017, the Council must have regard to the Corporate Parenting Principles. Supported accommodation for 16–17-year-olds must comply with The Supported Accommodation (England) Regulations 2023, including requirements for Ofsted registration, inspection and adherence to the Quality Standards. The proposed procurement approach supports the Council in discharging these statutory duties.

Risk Assessment

47. The procurement of accommodation services as detailed within the body of the report are considered **medium risk** (due to the volatility of the market and unknown future service demands). Existing management systems and daily route activities will be undertaken to control and reduce risk.

Wards Affected and Consultation with Ward/Councillors

48. Unknown at this stage and the location of temporary and supported accommodation will not be known until the procurement exercise has concluded.

Background papers

None

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