

APPENDIX E – SUMMARY OF ANNUAL CRITERIA FOR PER DIEM RATE RECOMMENDATIONS

The following outlines the criteria staff use in making per diem recommendations:

- (a) **Contracted Service Delivery** - includes a review of contracted service provision (e.g. Basic - board and lodging vs. Enhanced - case management services); total number of hours of operation (overnight vs. 24 hours a day, 7 days a week operations); client profile; built form (e.g. purpose built facility vs. church basement); operating costs (e.g. market rent vs. no facility costs), etc.
- (b) **Revenue Generation Capacity** - includes a review of size of agency and whether or not it is a stand-alone or multi-service agency; total number of beds in the shelter (economies of scale); and additional funding sources (United Way/Salvation Army Red Shield funded vs. City of Toronto as sole funder), etc
- (c) **Sector Comparison Review** – includes a review of per diem rates in each sector and annually takes incremental steps to adjust any significant rate imbalances by sector (after revenue generation and service delivery comparisons are completed). Agencies currently receiving above sector average per diem rates are red-circled until the other providers in that sector (with comparable programs) reach similar rates.
- (d) **Agency In Difficulty Review** – includes a review of agencies that are in financial, operational, and/or agency governance difficulty. Agencies in this category are identified in a number of different ways including but not limited to the annual budget submission process; as well as through agency declarations; or as a result of site visits; quality assurance reviews, and/or complaints.

Agencies in this category often have a broad range of issues. Some may have on-going operational deficit issues from major occupancy loss, others may be not fully meeting the service standards and the City is working with them to remediate these services. There may be contract compliance issues including financial reporting and/or Board and/or Management governance which may impact on funding.

If an agency is recommended for an increase under these circumstances, it is recommended to assist the agency to develop stabilization plans that reduce the risk of unwanted bed closure. It is important to note that generally the rates are temporary and will return to sector averages at the end of the contracted stabilization period. In each of these cases Hostel Services provides enhanced agency oversight including increased site visits and attendance at agency board meetings. There are also a number of additional operating and reporting requirements placed on these shelters as a condition of on-going funding.

- (e) **Review of Agencies with Funding Conditions** – includes a review of agencies that have had conditions placed on their continued funding. Conditions in this case are established when there are serious issues with the agency’s overall performance or compliance with the Standards/Operating Agreement which places the agency in breach of the operating agreement. A breach may occur when there is a serious contravention of the Shelter Standards including but not limited to substantial failure to meet the requirements related to service delivery, reporting, board governance/agency management, financial management, etc. In these cases agencies that have conditions placed on their on-going funding will not receive an increase in per diem rates unless and/or until the issues have been resolved to the satisfaction of the City.

- (f) **Fair Distribution of Inflationary Increases** – Once the review from (a) – (e) is completed the set recommended inflationary increase is applied equitably among the remaining agencies.