

## Commissioning and Procurement Executive Committee – 12 March 2024

<b>Subject:</b>	Nightly paid and block booking arrangements of privately owned short-term furnished rental accommodation, for use as emergency accommodation for vulnerable households		
<b>Corporate Director:</b> <b>Director:</b>	Sajeeda Rose - Growth and City Development Geoff Wharton - Strategic Director of Housing		
<b>Portfolio Holder:</b>	Councillor Jay Hayes – Housing		
<b>Report author and contact details:</b>	Rachael Harding - Homelessness Strategy Manager <a href="mailto:rachael.harding@nottinghamcity.gov.uk">rachael.harding@nottinghamcity.gov.uk</a>		
<b>Other colleagues who have provided input:</b>	Geetha Blood, Strategic Finance Business Partner Vendie Charles, Solicitor Julie Herrod, Lead Procurement Officer		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Subject to call-in</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
<b>Total value of the decision:</b> £6,461,560			
<b>Section 151 Officer expenditure approval</b> Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/a Spend Control Board approval reference number: 7744			
<b>Wards affected:</b> Citywide			
<b>Date of consultation with Portfolio Holder:</b> 06 February 2024			
<b>Relevant Council Plan Key Outcome:</b> Green, Clean and Connected Communities <input type="checkbox"/> Keeping Nottingham Working <input type="checkbox"/> Carbon Neutral by 2028 <input type="checkbox"/> Safer Nottingham <input type="checkbox"/> Child-Friendly Nottingham <input type="checkbox"/> Living Well in our Communities <input type="checkbox"/> Keeping Nottingham Moving <input type="checkbox"/> Improve the City Centre <input type="checkbox"/> Better Housing <input checked="" type="checkbox"/> Serving People Well <input type="checkbox"/>			
<b>Summary of issues (including benefits to citizens/service users):</b> Over recent years there has been an increase nationally in the number of households at risk of homelessness. Nottingham City Council's primary approach is to try to prevent and relieve homelessness but when this is not possible, the council has a statutory duty to provide temporary accommodation to households who are eligible, homeless and considered to be in priority need. The council has significantly increased supply of temporary accommodation, but not at a sufficient rate to keep up with demand, and the council has been required to rely upon emergency use of hotels.  Hotels are also used by other departments in the council such as adults and children social care, communities and public health to fulfil other statutory, humanitarian and public protection duties and responsibilities to vulnerable households.			

Currently 90% of emergency accommodation for citizens is accessed via a procured online booking system. However, this system was not specifically designed to meet citizen accommodation needs and is not representative of the market of privately owned, instantly accessible accommodation options and crucially does not provide the ability to secure discounted rates for multiple and/or block booking arrangements.

In January 2024, the Commissioning and Procurement Executive Committee noted the requirement to explore alternative compliant procurement arrangements for emergency accommodation for households to whom the council owes a duty, in order to secure best value for the council and to provide a more suitable and appropriate form of emergency accommodation to households with dependent children.

**Exempt information:**

Appendices B and C are exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is not in the public interest to disclose this information because it is commercially sensitive and may impact providers during tender processes and on the council's ability to secure best value services.

**Recommendations:**

- 1 To approve the establishment of a flexible framework (under the light touch procurement regime) of providers of privately owned short-term rental accommodation as a mechanism for the compliant future contracting of these services to fulfil statutory duties in accommodating vulnerable households.
- 2 To note the value of this contract is spend redirected from the existing booking system and is not additional spend incurred by the Council
- 3 To approve a maximum value of total expenditure under the regime and delegate authority to the Corporate Director of Growth and City Development (and other Corporate Directors as relevant for use) to award individual contracts under the flexible framework agreement in line with s114 procedures
- 4 To delegate authority to the Head of Housing Solutions and Head of Housing Strategy and Regeneration (and other Heads of Service as relevant for use) to order services via the flexible framework (under the light touch procurement regime) within the budget value
- 5 To extend the contracts for interim arrangements pending the introduction of the flexible framework (under the light touch procurement regime)

**1. Reasons for recommendations**

- 1.1 The council has a statutory duty to provide emergency accommodation for vulnerable citizens in accordance with relevant legislation (including housing, homelessness and social care).
- 1.2 The council is required to source the accommodation in a way that is compliant with procurement regulations, and which offers best value, quality assurance and auditable use.

- 1.3 The council has reviewed current arrangements and has identified a process to access additional market options that have been assessed as deliverable at lower cost and are more appropriate for family use.

## **2. Background (including outcomes of consultation)**

- 2.1 There has been a significant increase in homelessness and rough sleeping in England. This has been driven and/or exacerbated by a range of factors including the undersupply of affordable housing, increasing private sector rents, the failure of local housing allowance rates to keep up with rent rises, and increased cost of living pressures.
- 2.2 Homelessness pressures are acute in Nottingham as these problems have been further impacted locally by low average wages and high levels of deprivation. A snapshot in January 2024, showed there are an average of 120 new applications to Nottingham City Council Housing Solutions per week from homeless households and the service is working with a caseload of over 2,100 to try to prevent or relieve their homelessness. Currently there are over 650 families in temporary accommodation provided by Nottingham City Council under the homelessness duties.
- 2.3 The Nottingham Homelessness Prevention and Rough Sleeping Strategy aims to reduce the number of households becoming homeless and requiring temporary accommodation. Nottingham City Council has developed a detailed plan to increase homelessness prevention activity and decrease the requirement for temporary accommodation and the length of stay in temporary accommodation where it cannot be avoided. The council also recognises the need to secure sufficient provision to meet demand and is working to facilitate the delivery of quality temporary accommodation which secures value for money.
- 2.4 Since 2017, Nottingham City Council has increased the amount of temporary accommodation available for homeless families from under 100 units to over 500 units and plans are progressing to deliver a number of additional temporary accommodation projects under the most cost-effective financial models i.e. under leasing arrangements and/or delivered as exempt supported accommodation. However, the earliest any currently proposed additional arrangements will be mobilised is in 2025/26 and even with the increased provision supply has not matched demand, leading to a reliance on use of hotels.
- 2.5 A snapshot at the end of January 2024 showed there were 143 families who had been placed in hotels by Nottingham City Council, in order to fulfil statutory duties to provide temporary accommodation. The financial cost of using hotels as temporary accommodation is extremely high. The 2023/24 total cost to the council by the end of January was £5.36m. Furthermore, it is not suitable for families for sustained periods due to the lack of cooking and living facilities and government guidance states that placements of families with dependents in hotels should not exceed 6 weeks.
- 2.6 Detailed projections (as per Appendix A) show that the council will remain reliant on emergency, instantly accessible accommodation such as hotels in the short-term and there is an urgent need to ensure that the best value options are accessed to minimise the temporary accommodation budget pressure.

- 2.7 Currently, the council utilises a procured third-party online travel booking system in order to access the best on-the-day rate for the hotels hosted by the platform. This system was developed principally for corporate travel and includes most major chains and large hotels but is limited on smaller providers and supply of other privately owned accommodation options. It also does not allow for costing adjustments for multiple and block booking arrangements.
- 2.8 Nottingham City Council has piloted delivery of an interim arrangement with a provider of privately owned short-term furnished rental accommodation, for use as emergency temporary accommodation for homeless households and is seeking to expand this form of delivery by introducing a compliant procurement process that enables access to a broader range of suppliers, where supply can be called off to align with projected need to directly replace hotel bookings at a lower rate.
- 2.9 Calculations based on current rates for nightly paid temporary accommodation show that in 2024/25 privately owned short-term furnished rental accommodation is at least 15% less expensive than the average cost of on-the-day hotel bookings. The projected minimum spend savings that are estimated to be achieved if this process can replace 100% of hotel bookings are £1,16m in 2024/25 and £227k in 2025/26. The reason that the savings are lower in 2025/26 is because the spend is aligned to forecast need and the measures in the broader hotel reduction plan will by then have achieved a reduction in the requirement for this type of emergency accommodation. The breakdown of the total spend anticipated through the proposed privately owned short-term furnished rental accommodation framework is as appendix B.
- 2.10 The procurement process will be in the form of a flexible framework agreement upon which all types of providers of privately owned short-term furnished rental accommodation can be registered, once the council has assessed and verified their ability to deliver in line with a defined specification.
- 2.11 The council will order supply from the list in advance and aligned with the forecast requirements. It is anticipated that there will be diminishing call offs as the term of the agreement progresses and as the more cost-effective options as well as increased prevention activity are delivered.
- 2.12 The flexible framework will primarily be used by Housing Solutions to meet statutory homelessness duties. However, all departments across the council will have the option to use this process to call off emergency accommodation supply for vulnerable households.
- 2.13 In the meeting held on 09 January 2024, the Commissioning and Procurement Executive Committee agreed for an estimated value totalling £12,788,900 to be spent on corporate and citizen travel and accommodation. It is to be noted that the value of this decision is redirecting a proportion of that spend to this process and this decision is not requesting additional spend to that already approved. Spend control approval will be sought at call-off stages (mainly in usage blocks).
- 2.14 An operational Executive Decision taken in January 2024, approved the introduction of an interim arrangement pending this procurement process. This report recommends the extension of that arrangement until call off from the accreditation list can be completed. It is anticipated that this will be June 2024.

### **3. Other options considered in making recommendations**

- 3.1 Not to establish a compliant process for procuring a variety of forms of privately owned short-term furnished rental accommodation and
- a) to continue to use existing arrangements to secure emergency accommodation for vulnerable households. This was rejected because it is not considered that the current is always allows for the best value options;
  - b) explore ad-hoc arrangements with individual suppliers. This was rejected because this would not be compliant with procurement regulations.
- 3.2 Nottingham City Council will continue to source and progress arrangements for the most cost-effective model of delivering temporary accommodation, including future call off from the Homelessness Procurement framework, with the aim of reducing and minimising the type of provision required through this agreement during the term.

### **4. Consideration of Risk**

- 4.1 Risk: Lack of supplier interest.

Mitigation: The ability to plan multiple and block bookings will appeal to providers, providing them with certainty of business at times when the property could otherwise be vacant. Registration for the flexible framework will be widely promoted through our extensive housing network and there will be an ongoing ability to join the flexible framework. The interim arrangement in place has enabled the development of a specification that meets the requirements of the council but also is deliverable from a provider perspective.

- 4.2 Risk: Unable to fulfil statutory duties to provide accommodation to vulnerable households.

Mitigation: though this process is being introduced, the existing booking system will remain and can continue to be utilised as required.

- 4.2 Risk: advance booking of more accommodation than is required.

Mitigation: Call off terms will allow for flexible durations. Advance and block bookings will be aligned to detailed projections of need that are refreshed using actual delivery data on a weekly basis. Multiple bookings will be made at the beginning of the agreement term, when need is more acute with a planned reduction in the number of call offs and block booking durations as requirements lessen

### **5. Best Value Considerations**

- 5.1 The development of this process has been driven by the need to source best value in emergency accommodation placements for vulnerable households and through the identification of an process that expands the current options available. The Accreditation List will demonstrate best value by:

- Widening the market, enabling broader price comparison and competitive tending;

- Reducing administrative burdens and increasing certainty through block bookings;
- Matching required supply to demand;
- A planned not reactive approach;
- Creating corporate consistency.

## 6. **Finance colleague comments (including implications and value for money/VAT)**

- 6.1 The recommendation to the Commissioning and Procurement Executive Committee is to approve the establishment of a flexible framework of providers of privately owned short-term rental accommodation for the compliant future contracting of these services to fulfil statutory duties in accommodating vulnerable households. The values of the contract procured by providers will be within the budget envelope for temporary accommodation.
- 6.2 The financial benefits of securing such an arrangement with privately owned rental accommodation providers would include the value for money obtained from longer term contracts than currently in place for short term nightly paid accommodation which has proven to be expensive for the Council. In 2023/24, the Council is forecasting a total spend of c£6.784m compared to a budget of £4.023m for temporary accommodation due to the high demand and prices commanded by hotels and bed and breakfast accommodation for relatively short stays. By securing a longer-term block booking with private providers of accommodation, the Council will possibly realise financial savings and efficiencies. The provider will need to adhere to the quality assessment regulations and Health & Safety compliance rules once they become accredited and committed to providing the service in line with the regulatory framework.
- 6.3 The costs for temporary accommodation are captured under the cost code N-10541-100-4245.

Geetha Blood, Strategic Finance Business Partner - 20 February 2024

## 7. **Legal colleague comments**

- 7.1 The writer of the report seek approval to establish a flexible light-touch framework procurement agreement for providers of privately owned short-term rental accommodation, a mechanism for the compliance of future contracting of services to fulfil its statutory duties in temporary accommodating vulnerable households, to approve a maximum value expenditure on contracts, to note the value of the contract spend is redirected from the existing approved spend on CPEC Report Ref:1618 under the current system, and not a request for additional spend incurred by the Council, and to delegate authority to the Corporate Director of Growth and City Development to award individual contracts under the flexible light-touch framework agreement in line with s114 procedures, grant a direct award to economic providers through a Flexible Framework, to delegate authority to the Head of Housing Solutions and Head of Housing Strategy and Regeneration to order services via the flexible framework agreement, to extend the contracts for interim arrangements under CPEC Report , pending the flexible, light-touch framework agreement.

- 7.2 The report highlights the increasing homelessness, lack of affordable housing supply and an under resourced statutory service has impacted on homelessness prevention due to limited opportunities of housing stock, contributing to lack of affordable housing, and increase reliance on hotels as temporary accommodation, resulting in extortionate prices with a worsening impact on NCC budget due to the inflexible regime to obtain best value.
- 7.3 The current booking system operated is deemed unsuitable to fulfil the statutory duty, requiring part of the funds transferred and allocated to the services proposed in this report. The Council in providing this new service via privately owned short-term rental accommodation, would be fulfilling its statutory duty under section 188 of the Housing Act 1996, Part VII.
- 7.4 The report writer has indicated that it seeks to move away from the current system of booking hotels to provide a more accessible service, deliverable at a lower cost and more appropriate for families, thereby complying with the best value requirement.
- 7.5 Note the report author has requested approval for the redirection of funds to this project and has confirmed that are no contractual implications arising from the proposed redirection of the funds on the existing contractual arrangements in place with the current booking system provider.
- 7.6 The new proposal however will result in new contractual arrangements being established with a provider of the new temporary accommodation provide under the proposed flexible framework. This will result in spend under a new contract and therefore requires 151 Officer spend control approval as a pre-requisite to the proposed decision being taken by CPEC.
- 7.7 The report writer has requested that Appendixes to this report be exempted from publication, under paragraph number 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any person, (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Given the contents of the documents, and their commercially sensitive nature, it therefore has merits that it is not in the public interest to disclose the information and meet the criteria for exemption from publication.
- 7.8 The proposed flexible framework under the light Touch regime of the Public Contracts Regulation 2015 via direct awards for private accommodation, to meet the Council's Statutory duty, should ensure that it complies with the accreditation process to ensure their ability to deliver in line with the service requirement and call -off contracts.
- 7.9 The flexible framework under the light touch process allows the Council to meet its statutory duty and by having access to a framework that allows new economic entrants to join as demands required, by the ability to a direct award through the procedure set out in the call-offs from the framework, complying with the Council's Contracts Procedure Rules and Public Contracts Regulations.

- 7.10 The proposal in this report raises no significant legal issues. Legal services will continue to support the report author as required to complete the necessary formalities required.

Vendie Charles, Solicitor - 20 February 2024

**8. Other relevant comments**

Procurement

- 8.1 It is proposed to establish a flexible framework under the Light Touch regime of the Public Contracts Regulations 2015 for privately owned short-term rental for accommodating vulnerable households.
- 8.2 This process will quality assess providers to ensure their ability to deliver in line with the service requirements. It will enable new providers to be accepted onto the framework during the lifetime of the contract and will include an open and fair call-off process. The Procurement Team will support with the procurement process to ensure compliance and best value.

Julie Herrod, Lead Procurement Officer - 12 February 2024

**9. Crime and Disorder Implications (If Applicable)**

- 9.1 N/A

**10. Social value considerations (If Applicable)**

- 10.1 A range of suppliers of privately owned accommodation will be able to register on the flexible framework including those with properties containing separate bedroom and kitchen/dining/living facilities which will enable families to live routine life including cooking healthy meals, completing schoolwork, maintaining positive habits and improved health and wellbeing.

**11. Regard to the NHS Constitution (If Applicable)**

- 11.1 N/A

**12. Equality Impact Assessment (EIA)**

- 12.1 Attached as appendix D and due regard will be given to any implications identified in it.

**13. Data Protection Impact Assessment (DPIA)**

- 13.1 Attached as appendix E, and due regard will be given to any implications identified in it.

**14. Carbon Impact Assessment (CIA)**

- 14.1 Attached as appendix F, and due regard will be given to any implications identified in it.



**15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

15.1 None.

**16. Published documents referred to in this report**

16.1 Minutes 55 and 57 of the Commissioning and Procurement Executive Committee meeting held on 09 January 2023.