

WEST NORTHAMPTONSHIRE COUNCIL CABINET

10 OCTOBER 2023

CABINET MEMBER FOR HOUSING, CULTURE & LEISURE – COUNCILLOR ADAM BROWN

Report Title West Northants Council nightly purchased temporary accommodation procurement via Dynamic Purchasing System

Report Author Toby Wallace (Social Lettings Agency Manager)
toby.wallace@westnorthants.gov.uk
Clementine Wood (Lettings Negotiator)
clementine.wood@westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO (for West and joint papers)	Sarah Hall	20/09/2023
West S151 (for West and joint papers)	Martin Henry	20/09/2023
Head of Private Sector Housing	Chris Stopford	02/10/2023
Communications Lead/Head of Communications	Becky Hutson	20/09/2023

1. Purpose of Report

- 1.1. To outline West Northamptonshire Council’s Homelessness and Housing Solutions intentions to re-procure contractual arrangements for nightly purchased temporary accommodation from accommodation providers. This is to ensure that the local authority can meet its statutory requirement to provide temporary accommodation to households facing homelessness.

- 1.2. To outline West Northamptonshire Council's Homelessness and Housing Solutions intentions to implement this solution using a Dynamic Purchasing Scheme (DPS) to enable the Council to ensure quality, better value for money and an improved temporary accommodation service.
- 1.3. To seek Cabinet approval to go to market for the re-procurement of Nightly-Purchased temporary accommodation via a Dynamic Purchasing Scheme.

2. Executive Summary

- 2.1. A DPS is a fully electronic system used by public sector bodies to award contracts for works or services. It is compliant with The Public Contract Regulations 2015 (as amended).
- 2.2. Service Providers must meet the West Northamptonshire Council's (WNC) minimum criteria for entry to the DPS, but subject to that, there are no other restrictions on who can or cannot join.
- 2.3. The DPS is open for new providers to join at any time whilst it is active. There are also no restrictions as to how many providers can be on the DPS. The proposal is that the DPS is formally advertised on a six-monthly cycle to allow for formal applications to be received.
- 2.4. The DPS is a fair and transparent process for all Service Providers. A Service Provider will benefit from access to opportunities to provide services to the Council. This ensures that:
 - Providers will be competing on a level playing field with other organisations for new opportunities for placements.
 - The full history and a complete audit trail of all buying decisions and communications are captured in one easy to access location.
- 2.5. WNC inherited legacy arrangements in respect of nightly purchased temporary accommodation from Northampton Borough and Daventry District. This new procurement aims to harmonise and align arrangements so we can better meet the needs of WNC and recognise the current market and future conditions.
- 2.6. Northampton Borough Council procured previous arrangements through a similar DDPS to the one proposed (Ref. DN403062/WNC00000079), from 1st June 2019 to 31st May 2023. This was extended for a further year and will now expire on 31st May 2024.
- 2.7. Daventry District Council procured nightly purchased temporary accommodation via a contract which pre-determined pricing, terms, and conditions for spot-purchased arrangements.
- 2.8. Due to the value of the contract the Council must go out to tender for this procurement. Extending the current procurement arrangement is not an option as it does not support the current market nor the Council's aims to increase the quality of temporary accommodation. The current value of the contact being estimated at £30m over the five-year term. There is an associated income budget of £14m over the same five-year term.
- 2.9. A transformational project is underway regarding the whole Homelessness and Housing Solutions Service, of which temporary accommodation is a key component. The re-

procurement of contractual arrangements for nightly purchased temporary accommodation will allow the Council to have a new DPS which will meet the needs of the Council, recognise the current market conditions and reflect the current demands on the service. A new DPS will also provide an opportunity to increase the quality of accommodation, demand a more consistent level of service from providers and create a more customer-focussed offering for households that require temporary accommodation.

- 2.10. The service transformation will focus on key priorities including reducing the number of households in temporary accommodation and reducing the cost of temporary accommodation. There is an ongoing acquisition programme that also aims to deliver more Council-owned temporary accommodation. The provision of temporary accommodation comes with a significant cost implication to the Council. A new DPS will allow the council to deliver a sustainable charging structure for both the Local Authority and nightly paid providers.

3. Recommendations

3.1 It is recommended that Cabinet approve:

- a) The commencement of the procurement process and delegate authority to the Head of Private Sector Housing, in consultation with the Cabinet Member for Housing, Culture & Leisure; Procurement Governance Group and Chief Financial Officer (s151) to manage the process throughout its lifespan, including procuring, awarding, maintaining and cooling off (if needed) the DPS.
- b) The introduction of a new Dynamic Purchasing System (DPS) for the booking of nightly purchased temporary accommodation for homeless households from the 1st June 2024
- c) That the duration of the DPS be for an initial 5-year period beginning from the notified contract award commencement date and with the option to extend on an annual basis whilst the DPS remains fit for purpose and depending upon the Council's ongoing need for this type of temporary accommodation.

4. Reason for Recommendations

The recommendations seek to:

- Enable West Northamptonshire Council to meet its statutory requirements in providing households in priority need with temporary accommodation as set out in the Housing Act 1996
- Ensure that the provision of temporary accommodation is both cost-effective and legally compliant. More so than the alternative of using expensive bed and breakfast/hotel booking

5. Report Background

- 5.1 The Housing Act 1996 places a statutory duty on West Northamptonshire Council to provide temporary accommodation for households who are deemed to be eligible for assistance, are in 'priority need' and who are homeless, or that we have 'reason to believe' are homeless.
- 5.2 As of 31st August 2023, West Northamptonshire Council had 632 households living in temporary accommodation. This figure has increased by 20% since 1st January 2023. The Council uses a variety of types of temporary accommodation to meet the service demand including Bed and Breakfast (B&Bs), Houses in multiple occupation (HMOs) managed by a private provider, properties leased from private landlords, properties leased from housing associations, Council-owned stock and nightly purchased properties, managed by a private provider.
- 5.2.1 The current breakdown of households by accommodation type is as follows:

Bed and Breakfast / Hotel	39
House of Multiple Occupation (HMO)	57
Leased	14
Council-owned	146
Nightly-purchased	376

- 5.3 The recommendations underpin strategic commissioning intentions to design and procure a new outcome-based delivery model for nightly purchased temporary accommodation. The procurement of more suitable, quality, and value for money accommodation will enable West Northamptonshire Council to fulfil its duty to provide homeless households with interim or immediate emergency accommodation.

6. Issues and Choices

- 6.1 The current DPS contract ends by 1st June 2024 and there are no options to extend arrangements. Therefore, the Council must seek to implement a contractual/purchasing mechanism ready for this date.
- 6.2 **Option one (recommended) - engage in a procurement exercise to secure a new DPS to go to market for re-procurement of Nightly-Purchased temporary accommodation**
- 6.2.1 Providers will have the opportunity to apply and join the new contractual arrangement. This proposal seeks to:
- Implement and agree a funding structure;
 - Enable the Council to fulfil its statutory duties thus preventing service disruption; and
 - Support supplier engagement and consultation to inform a sustainable solution.

- 6.2.2 There will be no obligation or guarantee given as to the quantity, value or regularity of services procured under the Framework Agreement. The Council will use only the accommodation that it has a requirement for at any given time
- 6.2.3 Where an accommodation provider accepted on to the DPS demonstrates a failure to comply with the requirements of the minimum service specification, they will be removed from the DPS.
- 6.3 **Option two (Not recommended) – not procuring a new DPS**
- 6.3.1 The current DPS contract will expire on 1st June 2024. Should this occur, the Council would seek to secure an alternate supply of temporary accommodation, most likely utilising various Bed and Breakfast accommodation.
- 6.3.2 While these options can be used to secure accommodation, this approach can increase susceptibility to variable pricing and is not the most effective way of managing cost and supply
- 6.3.3 Furthermore, the likelihood of being able to decant the high volume of households currently in nightly-purchased temporary accommodation procured via the DPS into Bed and Breakfast and Hotels would be very low, if not impossible. The Council would also be at the mercy of Bed and Breakfast and Hotel's availability and pricing; most likely meaning this would not be a long-term solution, and households could face the upheaval of having to move multiple times.
- 6.3.4 WNC could find itself unable to provide suitable accommodation for homeless households, meaning it cannot fulfil its statutory duties.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The procurement of the DPS does not have any direct revenue implications. The scheme will enable the Council to procure accommodation that is pre-vetted, at an agreed price, and agreed condition. The revenue implication when the DPS is called off is within the established revenue budget.
- 7.1.2 The DPS will require the management of the scheme, including the vetting of applications, and the marketing of the DPS scheme. We are satisfied that this part of the process is within existing resources, given that the current DPS presents a similar management resource need and this is a replacement for the existing scheme.

7.2 Legal

- 7.2.1 The Council has a statutory duty to provide temporary accommodation to households presenting as homeless.
- 7.2.2 The award of the DPS is subject to the Council's Contract Procedure Rules in that Cabinet approval to award the DPS would be required. This report is requesting that Cabinet delegate authority to

award the DPS to Head of Service, in consultation with the Cabinet Member, Procurement Governance Group, and Chief Financial Officer

- 7.2.3 The procurement and contractual provisions for the implementation of the recommend option will be undertaken with the advice and support provided by the Council's Legal and Procurement services. It is anticipated that the proposed procurement exercise will enable the Council to continue to provide a diversity of service in satisfaction of its statutory duties.

7.3 Risk

If not approved:

- 7.3.1 If the recommendations as described in the report are not approved, it will result in the Council not having appropriate arrangements in place to procure and provide temporary accommodation. This means the Council could fail to meet its statutory duties when the current DPS expires on 1st June 2024.
- 7.3.2 Should approval of the recommendations not be given, the risk to the Council would potentially be a combination of reduced supply of temporary accommodation units, and increased costs associated with securing accommodation through alternate arrangements.
- 7.3.3 WNC could find itself unable to provide suitable accommodation for homeless households, meaning it cannot fulfil its statutory duties.
- 7.3.4 Current demands for temporary accommodation cannot be met by WNC's existing supply of housing stock, though projects are underway to increase this. Using our own stock is more cost effective however.

If approved:

- 7.4.1 The introduction of a new DPS will enhance the customers experience by improving providers' operational and financial viability linked to an improved service specification and suitable contract.
- 7.4.2 Providers may choose not to apply, or their application may be unsuccessful. However, extensive, and ongoing engagement has indicated that current providers will wish to continue to deliver their services if successful and until review if they are unsuccessful. If unsuccessful, the Council can help providers realign their business to focus on providing nighty purchased accommodation in line with the service specification and contract. However, the risk of this transpiring with any current providers is deemed to be very low. Therefore, it is doubtful that any significant discontinuity of service provision will occur directly because of the introduction of the framework.

7.4 Consultation and Communications

7.4.1 The report has been considered internally by the Divisional Leadership Team (DLT) of Communities and Opportunities and has been endorsed as a suitable approach to dealing with the efficient procurement of temporary accommodation. In developing the approach, the Team have also gathered information from neighbouring Councils.

7.4.2 Consultation has also taken place through the governance process of this report with the Council's Executive Leadership Team (ELT), and Executive Programme Board (EPB)

7.4.3 If approved, the next stage of the development of the DPS will be to engage the Council's Procurement Governance Group (PGG).

7.4.4 A communication and engagement plan will be developed prior to the publication of the DPS as an opportunity to tender to ensure that as many local providers as possible are aware of the opportunity to tender.

7.5 Consideration by Overview and Scrutiny

7.5.1 The Overview and Scrutiny have not requested to comment in relation to this report and recommendations.

7.6 Climate Impact

7.6.1 There are no climate/environmental implications.

7.7 Community Impact

7.7.1 There are no community or community safety implications.

8. Background Papers

None