

**DELEGATED DECISIONS BY CABINET MEMBER FOR PUBLIC
HEALTH & EDUCATION - 25 JULY 2018**

**REQUEST FOR EXEMPTION FROM TENDERING REQUIREMENTS
UNDER THE CONTRACT PROCEDURE RULES FOR A CONTRACT
WITH A TOTAL AGGREGATE VALUE OF ABOVE £75,000 (CPRS
20.7)**

Report by Strategic Director for People

Introduction

1. This is a paper requesting an exemption from procurement to enter a contract with the current provider (Oxford Homeless Pathways) of the Sapling Project, Recovery Based Supported Accommodation. Oxford Homeless Pathways provide a highly effective service offering significant value for money and outcomes. The cost per bed, under this contract is £159 per week. The contract price is for support (1.5 full time equivalent staff). The cost of the property and housing management including voids, is covered in its entirety by the Provider. The Project is in a residential setting which supports Service Users to maintain abstinence following treatment for substance misuse.
2. The remains of this paper set out the background and rationale for seeking authorisation for an exemption from the tendering requirements under OCC's Contract Procedure Rules to enter into a 3 year plus 2-year contract with Oxford Homeless Pathway Limited to provide the Sapling Project.
3. To enter into a 3 plus 2-year contract will mean that the total value over the life of the contract from the start in December 2015 will be £413,882. The annual cost from October 2018 will be circa £58,000 the cost over 5 years will be £290,000. The budget for this project is taken from the Public Health grant, and is identified in future spending plans and the contract will have the appropriate break clauses.

Background

4. The Sapling Project provides transitional supported accommodation (7 beds) from residential detox for Oxfordshire residents. This is a 'clean' project. Support is recovery focused and holistic including both one-to-one and group work and life skills development, delivered within the project.
5. The primary referral route is via the Oxfordshire Residential Detoxification Service (Howard House). The proposed length of contract is coterminous with this Service.
6. Since December 2015 the Council have had a contractual arrangement for the provision of specialist, recovery based supported accommodation (post detox) (The

Sapling Project) with Oxford Homeless Pathways. The original exemption was prepared in October 2015.

Reason for Requesting and Exemption from contract procedure Rules

7. There is a limited market for accommodation based provision in Oxfordshire. A recent Market Test for accommodation based provision, to include premises, had just 3 responses. The subsequent procurement of another accommodation based service resulted in only one tender submission which was the incumbent provider.
8. Housing is in short supply in Oxfordshire. So is supported housing and there are no similar residential projects being delivered in Oxfordshire, currently.
9. The property is situated in a detached house in Beech Road, Headington, Oxford. The location is desirable and affords the residents safety and security during a vulnerable time after completing a detox. This standard and size of property is not a guarantee if we went to market.
10. This Provider has been operating support services to homeless/vulnerably housed people in Oxfordshire for 30 years. They have delivered similar services in Oxfordshire; therefore, they have the experience required to continue to provide this specialist service.
11. Oxford Homeless Pathways are achieving good outcomes at The Sapling Project. There were 8 starts in 2017/18 and of those who moved on 5/7 made a planned, positive move to greater independence within 12 months. 100% of those who have left are not reported to have returned to treatment for 12 months. In turn the Project supports the achievement of successful completions; measured under the Public Health Outcomes Framework.
12. The aim of securing a longer-term agreement also supports the 2017 National Drug Strategy¹ which discourages commissioners from regular retendering which destabilises services.

Value for Money and Performance

13. This pathway is for Service Users who have been assessed as not requiring further residential rehab treatment but who are more likely to stay drug and or alcohol-free living in recovery based supported accommodation with access to community drug and alcohol services.
14. If this was not available the only other pathway available to these service users would be out of county stage 2 residential rehabilitation which offers more support in house.
15. The table below shows the differences in the unit cost of Sapling and Residential Stage 2.

¹ 2017 Drug Strategy, HM Government, July 2017

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	Monthly	Weekly
Recovery based supported accommodation (Sapling)	£637 per person	£159.34 per person
Stage 2 Residential	£2,734 per person	£631

16. As the contract price is solely for staff, not property and housing management costs, there is no risk of additional cost to the Council.
17. The Sapling Project delivers value for money in that it provides a reasonable level of support to those transitioning from treatment services to independent living. All delivered by highly skilled and experienced staff. The Provider has the infrastructure already in place to support the service locally providing cover for annual leave, training etc.
18. The Sapling Project have established very effective partnerships with the district councils and other housing agencies to achieve 'move on' (move on to independent living) for Service Users within a realistic timescale (9-12 months) :-
- The result of this effective partnership working can be seen in the 'move on' performance. In the first full year of the Service 2016-2017 only 1 Service User moved on successfully on compared with 5 in 2017-2018.
 - This is an excellent outcome and added value given that affordable, single, independent housing options for 'move on' are limited in Oxfordshire (recent welfare reforms have reduced Social Housing Rents by 1% meaning it is less attractive to landlords to lease properties for social tenants).
 - Longer term outcomes are being achieved; all those who have moved on from the service successfully are reported not to have returned to treatment services.

Performance 2017-2018	Target	Achievement
Starts	7	8
Successful move on	7	5
Not returning to treatment within 12 months leaving	100%	100%

19. All beds at Sapling Project have been fully occupied in the last year.

The risks of not having and exemption are:

- a. There is no expectation that a procurement exercise could identify a more desirable property for a higher level of quality at lower cost.
- b. There is a lack of suitable properties for this type of service in Oxfordshire and procurement may result in loss of the property Oxford Homeless Pathway currently make available to service users for this type of service.
- c. There is a risk of loss of stability to this service. This is a vulnerable period in the Services User's recovery, and this may result in them missing the

opportunity to have a supported recovery transition. This could result in them relapsing or needing to attend a res rehab stage 2, and greater cost to the Council.

- d. The alternative, high cost and not ideal pathways of stage 2 Residential Rehabilitation will need to be utilised if no provider is identified through a procurement.

RECOMMENDATION

20. **The Cabinet Member for Public Health & Education is RECOMMENDED to authorise an over £75,000 exemption to enter into a 3 plus 2-year contract with the current provider (Oxford Homeless Pathways) for the provision of the Sapling Project, an Oxfordshire based residential recovery project for people transitioning from substance misuse treatment.**

JONATHAN MCWILLIAM
Strategic Director for People

Contact Officer: Kate Holburn, Head of Drugs and Alcohol Commissioning 07825 052768, Sarah Roberts 07720 805979

Background papers: None

July 2018

People Directorate, Public Health**Request for Exemption from tendering requirements under the Contract Procedure Rules for a contract with a total aggregate value of above £75,000 (CPRs 20.7) for the Sapling Project (Drug and Alcohol recovery-based Supported Accommodation)****Legal Appraisal by Director of Law and Governance**

This report concerns the request by Public Health of an award of a 5-year Contract (3 years plus 2year option to extend) to Oxford Homeless Pathways to provide continued drug and alcohol recovery-based supported accommodation services to the Council. The annual value of the Contract is circa £58,000. (Oxford Homeless Pathway are the existing provider, whose current contract with OCC expires October 2018).

Contracts for goods, services and works should be procured following the Council's Contract Procedure Rules. Rule 5.2 requires that Authorised Officers must ensure genuine competition by inviting sufficient numbers (minimum 3) of persons to submit tenders for the goods, services or works required by the Council and for the Contract opportunity to be advertised.

This report requests an exemption from this requirement under rule 20.7 of the CPRs. (Rule 20.7 states that an exemption will only be granted where the Cabinet, the Portfolio Holder or the Chief Executive are satisfied that the exemption is justified on its own exceptional circumstances and has given his/her consent in writing)

In making its contractual arrangements, the Council is required to demonstrate that it has acted in accordance with the EU-Treaty based principles of fairness, transparency, non-discrimination and proportionality (the "EU Principles"). Aside from the application of the Council's own Contract Procedure Rules, local authorities are also required to comply with the Public Contracts Regulations 2015 ("the Regulations"), which impose further procedural requirements in relation to contracts above the relevant EU threshold.

The relevant threshold for the provision of this Contract is £615,278, as the services are for the provision of public health related services and thus fall under the "light touch regime" of Schedule 3 to the Public Contract Regulations 2015.

The value of the proposed contract with Oxford Homeless Pathway is £290,000, which falls well below the above threshold specified in the Regulations. The procurement of the Contract would not constitute a breach of the Regulations.

There is no risk of a challenge being made under the Public Contract Regulations

The Contract Procedure Rules do apply. However, an exemption is available if justifiable in its own exceptional circumstances. Public Health cite various

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exceptional circumstances in their exemption request, which are relevant to the direct contract award and which are summarised below:

- The difficulty in procuring an accommodation based Service provision in Oxfordshire due to local housing demands;
- The good outcomes, which have been delivered under the existing contract, and the key support the Service provides to successful Service User transitions measured under the Public Health Outcomes Framework;
- If the referral pathway for Service Users through the Sapling Contract was not available, the only referral option for Service Users would be to an “out of county” stage 2 residential detoxification service for which the difference in treatment unit cost per bed would be £631 per week, as opposed to £159.34 per week available under the Sapling Contract; and
- The additional value procured by the Provider’s assumed risks of void bed occupancy.

Exceptional circumstances do appear to apply here and it is recommended that the Exemption request be approved.

Nick Graham
Director of Law and Governance
05.07.18

People Directorate, Public Health

Request for Exemption from tendering requirements under the Contract Procedure Rules for a contract with a total aggregate value of above £75,000 (CPRs 20.7) for the Sapling Project (Drug and Alcohol recovery-based Supported Accommodation)

**Financial Appraisal by Kathy Wilcox Finance Business Partner, Public Health.
Approved by Lorna Baxter Director of Finance**

1. The £159.34 unit cost per bed per week for the Sapling Project covers support costs for 1.5 full time equivalent staff. The provision of the property and housing management including void costs, will continue to be managed by the Provider, Oxford Homeless Pathways. The running and relevant maintenance are covered by Housing Benefit.
2. This is the only service provision of its type in Oxfordshire. The only other pathway available to the service users if it was not available would be out of county stage 2 residential rehabilitation. The latter is significantly more expensive, averaging £631 per week.
3. The annual contract cost of £0.058m will be funded from the Public Health Grant and is built into future spending plans.
4. Since the Sapling Project is assessed to provide good value for money and outcomes for service users, as well as maintaining service provision in Oxfordshire that isn't otherwise available, the Director of Finance recommends that the request for exemption to the usual tender process is approved.

Approved by Lorna Baxter
Director of Finance
05.07.18