

**MUNICIPAL YEAR 2017/2018 - REPORT NO.**

**ACTION TO BE TAKEN UNDER  
DELEGATED AUTHORITY**

**OPERATIONAL DECISION**

**JEREMY CHAMBERS**

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<b>Agenda - Part: 1</b>	<b>Item: KD 4615</b>
<b>Subject: Awarding Contract for Occupational Health Services</b>	
<b>Wards: N/A</b>	
<b>Cabinet Member consulted: NA</b>	

**1. EXECUTIVE SUMMARY**

- 1.1 This report seeks approval to enter in to a contract with Supplier 'A' for the provision of the Council's Occupational Health Services to commence on the 1<sup>st</sup> June 2018. The proposed contract period is for an initial period of four years with the possible further 2 extensions of 12 months subject to agreement between the Authority and the Provider.
- 1.2 The recommendation follows a tender process in which representatives from Corporate Occupational Health and Safety, Corporate HR, Environment Operations evaluated the tender responses. The tender process was supported and facilitated by Corporate Procurement. The tender was approved by the council on 4<sup>th</sup> April 2018.
- 1.3 The new contractor will provide expert advice and guidance to client departmental management regarding medical and other occupational health issues, relating to the ability of its employees to undertake their work in a competent and safe manner. This will mainly be on instruction, but the contractor will also be expected to act on its own initiative in raising issues of concern with management. The Council expects the contractor to be pro-active and support management

when assisting absent employees return to work.

- 1.4 The contractor will provide a full referral service to client departmental management in respect of excessive sickness absence or other incapacity causing concern to management. The new Employee Assistant Programme/Counselling service will consist of a 24/7 phone service.
- 1.5 The new contract will not include the provision of services to schools in Enfield. Schools would need to arrange their own provision directly with the new contractor through Service Level Agreements or cost-effective solution.

## **2. RECOMMENDATIONS**

- 2.1 To approve the award of a four-year contract with the option to extend for further 2 possible extensions of 12 months each for provision of Occupational Health Services to Supplier 'A', which is to commence on 1st June 2018. The contract shall be a call off from the ESPO framework.

## **3. BACKGROUND**

- 3.1 The decision was taken to go to the market when the current 5-year contract with Health Management Ltd expires on the 31<sup>st</sup> May 2018, the council has been working with Health Management Ltd for over 10 years and it was appropriate time to test the market for quality of service and value for money. The new contract must be in place by 1<sup>st</sup> June 2018.
- 3.2 Occupational Health is the branch of healthcare, which is concerned with the relationship between people's health and work. The service assists the Council to meet workplace healthcare legislation whilst simultaneously promoting aspects of good health and safety to employees at every level of the organisation. This service aims to prevent ill health at work, assists in the effectiveness in controlling sickness absence.

3.3 The Occupational Health Service is currently based at the council premises in St Andrew's Court, 1-4 River Front, Enfield, EN1 3SY and at present is made up of the following:

- an Occupational Health Advisor (a Nurse), who works one day per week. The Nurse is employed by Health Management Ltd, but will be TUPE over to the new occupational health provider.
- an Occupational Health Physician (a Doctor) who is available one day per week to give clinical help and advice. The Doctor is contracted by Health Management Ltd, but will be TUPE over to the new occupational health provider.
- A 24/7 365 days per year Employee Assistance Programme (EAP) including 24/7 counselling service. This service will be provided by the new occupational health provider.

3.4 The annual expenditure for the Occupational Health Service including EAP service value £237,556K.

#### **4. THE TENDER PROCESS**

4.1 Research undertaken by the P&C Hub had identified potential framework agreement set by Eastern Shires Procurement Organisation (ESPO), which would meet the future needs of the service in terms of quality and value for money.

4.2 It has been established that the best way to achieve this was through a Mini Competition process. This call off from framework was carried out in line with the relevant framework process and via Tendering Portal, with all documentation retained.

4.3 6 providers were invited to Mini Competition and 1 provider has submitted their response.

4.4 The Invitation to Further Competition (ITFC) included clear transparent instructions to bidders as to how the Council would evaluate bids, including all the evaluation criteria and scoring mechanism. Sufficient time was also provided as part of the Procurement timetable for bidders

to seek clarifications on any part of the ITFC.

- 4.5 On completion of the procurement exercise, it is recommended to award the contract to supplier 'A'.
- 4.6 The successful Provider was selected to enter into the Contract based on an evaluation of submission with the price criteria given a 60% weighting, and quality criteria given a 40% weighting.
- 4.7 Evaluation was undertaken in accordance with P&C Hub guidelines through the Evaluation Model to ensure that provider has suitable experience and ability to deliver the contract.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

No suitable framework agreements or collaboration opportunities were available.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 The successful tender represented the most economically advantageous tender to the authority on providing an Occupational Health Service. The evaluation panel recommended the award to Supplier 'A'. It was felt that the benefits offered matched the requirements of the ITT specification and provided best value to the Council.

## **7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS**

### **7.1 Financial Implications**

- 7.1.1 There is a budget provision within Health & Safety for the occupational health contract. However, the new contract is likely to cost around £84k more than the current contract, this will be funded from additional income generated by the service and from savings elsewhere within the service, see table below:

	<u>Available Budget</u>	<u>Contract Value</u>	<u>Additional funding required</u>
<b>Occupational Health Contract</b>	153,000	237,000	84,000
<b>Funded from the following:</b>			
Additional income from Housing Gateway			-20,000
Additional Income from the radiation protection & income from providing schools training			-17,700
Reduction in Corporate H&S initiative budget			-23,800
Reduction in H&S training budget			-15,800
Reduction in H&S Equipment Budget			-6,700

## 7.2 Legal Implications

7.2.1 The provision of Occupational Health services is a key requirement for the Council and satisfies the Council's statutory obligations including: - discharging its duty of care towards employees, under Health & Safety legislation, by ensuring employees are physically and mentally fit to undertake their duties and the provision of reasonable adjustments, as required under Equalities legislation where an employee has a disability impacting on their ability to undertake their duties. In addition, under section 111 of the Local Government Act 1972 the Council has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The proposals within this report are in accordance with these powers.

7.2.2 The Council's Contract Procedures Rules permit the use of frameworks. In calling-off a framework, the Council must ensure compliance with the terms of that framework.

7.2.3 In accordance with CPRs Clause 4 any use of a framework must be

agreed by P&C Hub and it has been confirmed that P&C Hub has carried out appropriate due diligence prior to procurement and that a Mini-Competition was carried out in accordance with the terms of the chosen ESPO framework and via the E-Tendering Portal with appropriate paper trail retained. Also, each procurement exercise must be fair, transparent, proportionate and non-discriminatory and must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999. It has been confirmed that Supplier A has provided the best quality and the most economically advantageous tender and its appointment is recommended in compliance with the Best Value Principle.

7.2.4 The Council should be mindful of the potential application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 on a change of provider.

7.2.5 In accordance with CPRs the call off must be in a form compliant with the framework terms and approved by Legal Services. The call off shall be sealed by Legal Services on behalf of the Council

### **7.3 Property Implications**

7.3.1 The Occupational Health Team is currently situated on the 1<sup>st</sup> floor of St Andrews Court, River Front, Enfield Town.

7.3.2 This lease will come to an end shortly and alternative accommodation will be sought subject to the needs of the service and resultant tender.

## **8. KEY RISKS**

8.1 Market capability; there are many Occupational Health providers that provide an occupational health service. However, from previous tender exercises 5 years ago, there were only three organisations that could provide the specification within the budget allocation.

8.2 The model specification is maintaining the telephone case management service, where considerable savings was achieved procuring the last occupational health contract.

8.3 Tendering using a framework as opposed to full tender process, the

opportunities to the Council is that we can use specifications already established by other local councils and procure a quality service that gives value for money.

## **9. IMPACT ON COUNCIL PRIORITIES**

**None**

9.1 Fairness for All

9.2 Growth and Sustainability

9.3 Strong Communities

## **10. EQUALITIES IMPACT IMPLICATIONS**

10.1 Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report. However, it should be noted that any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **11. PERFORMANCE MANAGEMENT IMPLICATIONS**

11.1 Securing a comprehensive occupational health service with a focus on easy access and early intervention will enable managers to tackle sickness absence more effectively and has the potential to improve Council's sickness absence performance.

## **12. HEALTH AND SAFETY IMPLICATIONS**

The Health and Safety at Work Act 1974 is an overarching piece of legislation in that it sets out the duty of the employer to take care of the health, safety and welfare of their employees and others who may be affected by his work undertaking. Enfield Council wants to employ

people who will give them a good service, who have the knowledge, skills and understanding to take on the roles and tasks required of them. Occupational Health Services are designed to support and help employers meet these requirements.

### **13. HUMAN RESOURCES IMPLICATIONS**

- 13.1 The contract should provide practical and timely occupational health advice consistent with statutory and Council policy and requirements to enable managers to effectively manage their workforce.
- 13.2 The new contract will need to provide prompt and practical support for managers to ensure they can effectively manage staff absence and support their staff to return to work.
- 13.3 There should be sufficient flexibility to ensure sickness trends can be identified and monitored to allow appropriate interventions to be put into place.

### **14. PUBLIC HEALTH IMPLICATIONS**

- 14.1 Important Service for maintaining the health of employees.
- 14.2 The effectiveness of a new service should be monitored and evaluated for effectiveness.

### **Background Papers**

None.