

REPORT FOR: **CABINET**

Date of Meeting:	13 December 2012
Subject:	Tender for the Council's Occupational Health Service Provider
Key Decision:	Yes [Value of the contract exceeds the threshold set by the council for significant revenue budget expenditure]
Responsible Officer:	Julie Alderson, Corporate Director of Resources Tom Whiting, Assistant Chief Executive
Portfolio Holder:	Councillor Graham Henson, Performance, Customer Services and Corporate Services Portfolio Holder Councillor Thaya Idaikkadar, Leader of the Council, Property and Major Contracts Portfolio Holder
Exempt:	No, except part B which is exempt as it contains information specified in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) - the bidders and the Council
Decision subject to Call-in:	Yes
Enclosures:	Appendix Part B: Procurement process and results – Exempt – Part II

Section 1 – Summary and Recommendations

Summary:

This report sets out the process undertaken for renewing the provision of an Occupational Health and an Employee Assistance Programme for council employees and makes a recommendation to enter into a new contract.

Recommendations:

Cabinet is recommended to:

Approve and delegate authority to the Assistant Chief Executive, in consultation with the relevant Portfolio Holder, to enter into a partnering framework agreement with the successful tenderer, for a period of up to four years (2 years with an extension of another 2 years subject to performance review) for the provision of an Occupational Health and Employee Assistance service.

Reason: (For recommendation)

The Council's current contract for the delivery of the Occupational Health Service is due to expire in January 2013. In compliance with the Public Contracts Regulations 2006 the Council has followed an open competitive tendering procedure and based on the results a recommendation is made to award the contract to the most economically advantageous tender.

Section 2 – Report

Introductory paragraph

- 2.1 The Occupational Health Service has continued to meet the council's requirements for managing and promoting health at work issues. The core functions of the Occupational Health team continue to be work health assessment screening, sickness absence management, health surveillance and health promotion.

Background

- 2.2 From July 2010 the service has been provided as part of a framework agreement which included Brent Council & the London Borough of Kensington & Chelsea and was a joint service with Brent Council, based on the Middlesex Floor in the Civic complex in Harrow.
- 2.3 Earlier in 2012 the London Borough of Kensington & Chelsea, the Authority that had set up the framework agreement indicated that they would not be extending the contract with the provider. Therefore Harrow Council could no longer access this framework agreement and would have to source a provider in line with procurement rules.
- 2.4 A number of service improvements with the quality of the service have been identified and these were incorporated into the new service specification.

Current situation

- 2.5 The council has retained the existing provider to deliver a stand alone interim service to the Council and will continue to do so until the new contract is in place. However, the service is reduced as the staff designated to provide a joint service to Brent and Harrow Council have been split. This has impacted on the service as there is now only administrative support for half a week.

Why a change is needed

- 2.6 The reasons for change are threefold:
- A new contract needs to be awarded in line with procurement rules.
 - A number of opportunities for improvement in the quality of the service have been identified by stakeholders leading to a survey and review of future service needs.
 - The cost of the service is expensive, when compared to other Local authorities e.g. London Borough of Islington, with little use of technology in the provision of its service.
- 2.7 The attached appendix sets out the process followed, the tenders received and the results of the tender evaluation.

Legal Implications

- 2.8 The council has conducted a fair, transparent and non-discriminatory procurement process in compliance with public procurement rules and so this contract can be awarded, subject to Cabinet approval.
- 2.9 The provision of an Occupational Health Service helps the council to comply with its legal obligations to protect the health, safety and welfare of its employees

Financial Implications

- 2.10 The award of this contract represents a significant reduction in cost in the provision of an occupational health service as discussed in the appendix.

Performance Issues

- 2.11 Performance indicators (PIs) for the contract have been developed through consultation with a wide range of key stakeholders. One of the key objectives for the new contractor will be to achieve specified reductions in staff absence with risks and rewards built into the contract dependant upon this performance. The contractor's overall performance against PIs will be rigorously monitored and managed.

Environmental Impact

- 2.12 Improvements in the health and wellbeing of staff and the use of online technology will positively impact on the environmental impact of the council through for example fewer resources and a smaller property footprint being utilised to manage sickness absence.

Risk Management Implications

- 2.13 Failure to award this contract may lead to the council being unable to provide occupational health services such as ill health retirement assessments, with the associated costs of having to internally manage ill-health without medical support. The occupational health service is a key part of managing the risks of ill health and therefore staff absence.

Equalities implications

- 2.14 An Equalities Impact Assessment has been completed and it has been identified that the provision of an occupational health service positively impacts on equalities considerations through, for example, providing medical advice on reasonable adjustments for persons with specific needs.

Corporate Priorities

- 2.15 The provision of an occupational health service complements all the Corporate Priorities through promotion and support of a healthy workforce.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle

on behalf of the
Chief Financial Officer

Date: 21/11/12

Name: Stephen Dorrian

on behalf of the
Monitoring Officer

Date: 21/11/12

Section 4 – Performance Officer Clearance

Name: Martin Randall

on behalf of the
Divisional Director
Strategic
Commissioning

Date: 21/11/12

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

on behalf of the
Divisional Director
(Environmental
Services)

Date: 21/11/12

Section 6 - Contact Details and Background Papers

Contact:

David Ward, Divisional Director, Risk, Audit & Fraud

Tel: 020 8424 1781

Background Papers: None

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]