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Report of: *Eugene Walker (Executive Director – Resources)*

Report to: *Olivia Blake (Deputy Leader)*

Date of Decision: *24/7/18*

Subject: *Re-procurement of the Councils Occupational Health Provision*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="checked" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="checked" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Olivia Blake - Resources</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic & Environmental Wellbeing Scrutiny and Policy Development Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="checked" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>316</i>		
Does the report contain confidential or exempt information?	Yes <input checked="checked" type="checkbox"/>	No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>Some elements of the attached – Occupational Health Full Business Case Report have been redacted due to their commercially sensitive nature.</i>		

Purpose of Report:

This report seeks authority to re procure a supplier to meet Sheffield City Council's Occupational Health and Employee Assistance Programme requirements. This service provision is an operational requirement and a commonly recurring requirement. The resultant contract will be accessed via the Crown Commercial Services Occupational Health Services, Employee Assistance Programmes and Eye Care Services framework (CCS Framework).

Recommendations:

It is recommended that the Individual Cabinet Member for Finance:

1. Approve the re procurement of a provider to deliver a comprehensive Occupational Health Service and Employee Assistance programme for up to 4 years, through a compliant mini competition process under the CCS Framework, as set out in this report.
2. Delegates authority to award the contract for the provision of Occupational Health Services and Employee Assistance Programme to the Director of Finance and Commercial Services in consultation with the Director of Human Resources and Customer Services and the Director of Legal and Governance.

Background Papers:

- Occupational Health Full Project Business Case

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Paul Foster</i>
		Legal: <i>Nadine Sime</i>
		Equalities: <i>Michelle Hawley</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Olivia Blake</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Peter White</i>	Job Title: <i>HR Service Manager</i>
	Date: <i>16/7/18</i>	

1. PROPOSAL

- 1.1 The Council has an ongoing requirement for Occupational Health and Employee Assistance Programme services.

A re procurement of the current contract is required as the existing contract with Health Management Limited (HML) comes to an end in December 2018.

The new contract will retain the Council's existing Occupational Health and Employee Assistance Programme requirements as set out below:

Occupational Health Services

- Annual Support and Medical Advice (inc CMO Support, policy/legislative advice, online system availability, management information etc)
- Absence Management Service (telephone/face to face referrals to nurse/doctor)
- Ill Health Retirement Referrals (management of case)
- Health Assessment Questionnaires
- Case Conferences
- Health Promotion
- Health Surveillance
- Physiotherapy

Employee Assistance Programme;

- Stress helpline
- Structured telephone counselling
- Referral to face-to-face counselling
- Referral to serious illness and accident support
- Tax advice
- Legal advice (the EAP will not provide employment law advice)
- Eldercare
- Childcare
- Medical information

Although the Council has the option in the current contract to draw down Health Surveillance and Health Monitoring (through the use of Health Assessment Questionnaires) services from the current supplier, the need for these options was seen as minimal at the time of procurement in 2014. However this requirement has increased significantly due to the insourcing of Social Housing and Corporate Repairs & Maintenance contracts (Kier & Kier KAPS) in 2017. With this now a necessary requirement the Council now wants to include both these elements in the new core contract.

The annual spend is demand driven and is in the region of £200k per annum. This will result in a cumulative spend of £400k to £800k over the duration of the proposed new contract. The Council will look to award a 2 year contract with the option to extend by 1 year + 1year, giving a length between 2 and 4 years.

- 1.2 The procurement process will allow us to obtain the most suitable provider/

partner and will be via a mini competition under the CCS Framework. During the process the Council will ensure that the chosen provider/ partner will work with Sheffield City Council to deliver a comprehensive Occupational Health Service and Employee Assistance Programme. The Council will look to award a 2 year contract with the option to extend by 1 year + 1year up to a total of 4 years. The new contract shall be actively managed through the existing Human Resources Client Management arrangement with support from Commercial Services.

1.3 The procurement process must follow the stages set out below:

- The Council will request to access an existing CCS Framework agreement. Any supplier on the framework wanting to participate in the competition to provide Occupational Health service to the Council must respond within 30 days.
- Council evaluates information provided by suppliers and invites a number of them to participate. We can limit the number of suitable suppliers but there must be a minimum of 3 engaged in the process.
- Each of the chosen Providers supply tender documentation, deliver a presentation and attended an interview style session until Council can identify the successful provider

1.4 The proposed Award Criteria are as follows:

Award Criteria	Weighting
Financial proposals – (Price)	50%
Service and technical proposals for delivery (Quality)	50%

1.5 The key benefits of awarding a new contract can be summarised as follows:

- Reduces the procurement timescales and associated costs.
- Suppliers on the CCS framework have already been assessed and tested competitively to a high standard with a further mini competition ensuring value for money is achieved.
- Direct management control of the subsequent contract with the ability to influence the continuous improvement and development of the services being delivered.
- Continuation of the Referral approach for managers when requesting telephone or face to face Occupational Health advice for employees.
- Provide expert advice about Occupational Health Services including appropriate market intelligence, for

example changes to screening processes or medical advice.

- Provide the right environment for a positive working partnership between Sheffield City Council and Partners, the Contractor and any sub-contractors.
- Contribute to value for money Services and help to control the amount spent on Occupational Health Services and Employee Assistance Programmes.
- Provide accurate and timely management information with appropriate analysis and market intelligence
- Clinical governance is covered by the service provider

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 This procurement is linked to the following strategic outcomes contained within the Corporate Plan;

- An in touch organisation
- Better health and wellbeing

2.2 The decision contributes to the Health and Well-being of the Councils workforce with an emphasis on;

- Continued reduction in Manager/Employee Referral waiting times
- Support for managers in the management of sickness absence with a focus on reducing sickness levels in the Council
- Compliance with Health Surveillance requirements
- Ensuring robust clinical governance is in place
- Delivery of Comprehensive and timely Management Information to assist with Senior manager decision making
- Having single provider contact for Occupational Health and Employee Assistance Programmes

3. HAS THERE BEEN ANY CONSULTATION?

3.1 There is no requirement for the Council to consult externally on this procurement as it is focussed purely on delivery of Occupational Health Services to Sheffield City Council employee's and will replace an existing arrangement.

3.2 Feedback from employees and Trade Unions officials throughout the term of the current contract has been recorded and assisted with the scoping out of the Councils requirements.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 There are no expected negative equality impacts from the project which is simply the re-procurement of an Occupational Health service, with the possibility of positive impacts on Council employees through new providers.

4.1.2 An Equality Impact Assessment (316) has been produced.

4.2 Financial and Commercial Implications

4.2.1 The procurement should allow the best value option to be taken up to provide these services. The new contract should also provide greater clarity on cost going forward.

4.2.2 There may be costs associated with changing and supporting practice in some areas, but these would be managed from within the existing Service budget.

4.2.3 Current budgets are however approximately £100k short of forecast costs for this service so funding options or mitigations need to be considered.

4.3 Legal Implications

4.3.1 Having a provider of a comprehensive Occupational Health and Employee Assistance Programme contract which will be used for the wellbeing of Council employees will then enable Council officers to provide statutory and other essential services to the citizens of Sheffield.

The need to procure an Occupational Health and Employee Assistance Programme contract is incidental to the Council's statutory functions and the

Council does have a specific power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions (s.111 (1) Local Government Act 1972).

In using the current CCS Framework and following a mini competition process the Council will ensure compliance with the Public Procurement Regulations. The process will also be compliant with the Council's Standing Order and an audit trail of the procurement process will kept.

4.4 Other Implications

Non

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 A number of delivery models have been considered as part of this exercise and include;

1. Set up an in-house Occupational Health Service

Benefits	Challenges
Control over the service being delivered	Recruitment of medical professionals (including accommodation, equipment and IT systems to run the service)
Embedded team is more able to make better clinical decisions based on SCC organisational requirements	Independent clinical governance required
Higher level of occupational health input into the Health and Wellbeing strategy	Highly competitive market for qualified occupational health professionals
	Additional cost of £150,000 staffing costs
	Limited opportunity to flex resource or be resilient in times of peak demand
	Breadth of types of employees means we need access to different occupational health specialists which could result in additional resource needed
	Requirement to purchase an EAP service
	Continuous professional development to ensure compliance with clinical governance

2. Go out to tender independently for Occupational Health services.

Benefits	Challenges
Mature competitive market could result in a high standard of provision of these services	Length of procurement process has a major impact on resources in Procurement and Supply Chain and HR at a time of significant challenges.
Direct management control of the	Size of SCC contract may not

subsequent contract	attract the most economically advantageous offer from the market
Ability to influence continuous improvement and development of the service delivered throughout the contract	
Access to a wider medical specialism ensuring flexibility based on demand and resilience at periods of peak demand	
Clinical governance is covered by the service provider	

3. Go out to joint procurement with other public sector bodies

Benefits	Challenges
Aggregated spend is likely to be attractive to the market to realise competitive proposals	Obtaining consensus on the requirements in the timescales available
Provides an opportunity to share best practice amongst the collaborating organisations	Ability to ensure SCC's requirements are not diluted as a result of the collaboration
Opportunity to charge a contract management fee for running the process	Decision making could be delayed as a consensus would be needed

6. REASONS FOR RECOMMENDATIONS

- 6.1 Overall the option to access and existing framework was considered to represent the best option for the Council with the least risk attached, ensuring value for money and the ability to access a wide range of medical specialism's ensuring a high level of clinical governance.
- 6.2 A Framework approach is a straight forward process resulting in a mini competition between providers already meeting a good standard benchmark.