

# Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

## **Award of Contract for the provision of Occupational Health Services and Employee Assistance Programme**

Item number            7.11  
Report number  
Executive/routine  
Wards  
Council Commitments

### **Executive summary**

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This report seeks the approval of the Finance and Resources Committee to award the contract for the provision of Occupational Health (OH) services and Employee Assistance Programme (EAP) to People Asset Management Limited (PAM).

The contract term will be three years with an option to extend for a further 12-month period. The total maximum estimated value of this contract, including extensions, is £3.5 million which is based upon the Council's current utilisation levels.

Savings are expected of approximately £175k per annum (£700k over the 48 months of the contract, including the extension period).

## Award of Contract for the provision of Occupational Health Services and Employee Assistance Programme

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee approves the award of a contract for Occupational Health Services and Employee Assistance Programme to People Asset Management Limited, (PAM) from 8 January 2018 to 7 January 2021 with the option to extend for a further 12 months.

### 2. Background

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- 2.1 The Council currently has a contract with Health Management Ltd (A MAXIMUS Company), (HML), through a Framework for OH services with Government Procurement Service (GPS), (now known as Crown Commercial Services) (CCS). This contract was awarded in October 2013 for a three-year term with an optional 12-month extension. The extension option was exercised in October 2016 and operated under the existing contract terms and conditions, with a further extension approved between October 2017 and January 2018, pending the award of a new contract.
- 2.2 In addition to the contract with HML, the Council has a contract for EAP with Rehab Works, (trading as Workplace Wellness, formerly known as Right Corecare Limited). The current contract is in place until 5 January 2018.
- 2.3 The Council requires these services to meet its statutory obligations in respect of the management of employee health, safety and wellbeing and to deliver on its wider commitment to the health and wellbeing of its employees.
- 2.4 The retendering and subsequent award of this contract is to work with one single provider for OH and EAP services. This will reduce costs whilst improving service provision and improving value for money by:
- setting clear Key Performance Indicators (KPIs) for the service provision;
  - maximising efficiencies and economies of scale by offering the OH and EAP service provision as part of the same package;
  - delivering a high quality, responsive and cost-effective service;
  - support the reduction of sickness absence through focussing on interventions related to illnesses and helping employees back to work; and

- ensuring the Council Leadership Team (CLT) and Wider Leadership Team (WLT) are committed to, and aligned with, our new approach to prevention of absence and actively promoting the OH service and the EAP.

### 3. Main report

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#### Occupational Health Services and Employee Assistance Programme

- 3.1 HML have been the Council's primary supplier of OH services since October 2013. Alongside this, Rehab Works, (trading as Workplace Wellness) have provided an EAP since January 2014.
- 3.2 There are likely to be TUPE implications associated with the transfer of this contract, with any relevant HML staff transferring to PAM. This will be managed and agreed, post contract award, by HML and PAM. This does not create any direct liabilities or impact for the Council.
- 3.3 A full implementation plan will be developed to ensure a successful transition to the new contract. This will include:
- a detailed implementation plan in readiness for the start of the new contract;
  - updates to key stakeholders including Councillors, the Corporate Leadership Team (CLT), Wider Leadership Team (WLT) and Trade Unions;
  - communications to all staff;
  - development of robust governance and contract management and insightful/management information; and
  - appropriate training for line managers, to ensure the services are promoted and utilised effectively.

#### Procurement Approach

- 3.4 The completion of a mini competition for OH and EAP services through the Crown Commercial Service (CCS) Framework was required to determine best value for Occupational Health Services, Employee Assistance Programmes and Eye Care (Ref:RM3795).
- 3.5 This Framework was awarded following a national competition for central and local government and agencies with the contract being divided into four Lots:

LOT	DESCRIPTION
1	Full Service Occupational Health Services and Employee Assistance Programmes
2	Occupational Health Services only
3	Employee Assistance Programme only
4	Eye Care

- 3.6 The CCS Framework bids were evaluated on the most economically advantageous tender with the evaluation criteria for Lots One to Three being, Quality 60% and Price 40%, with the Council opting for Lot One. As per the terms of the Framework, for further competition, we could modify the evaluation percentage weightings using a variance level of +/- 10%.
- 3.7 A delay in the CCS Framework contract award resulted in a reduced procurement timeframe. Following the initial analysis of the Framework bids, Commercial and Procurement Services (CPS) together with Human Resources conducted pre-market engagement with the three suppliers awarded onto Lot One of the Framework to get clearer answers from bidders around quality and price.
- 3.8 The mini competition was published on 29 August 2017 via the Quick Quote facility on Public Contracts Scotland to the three suppliers who were awarded a place on the CCS Framework for Lot one.
- 3.9 Following the deadline of 12 September 2017, two tender submissions were received, which were then independently scored and checked for compliance by suitably qualified evaluators. The third tenderer declined on the basis of not having the capacity at that time to submit a bid.
- 3.10 To identify the tender offering best value, the tender evaluations included an emphasis on quality as well as price as per the terms of the Framework. As the contracting authority, we were able to modify the percentage weighting to meet our requirements using a variance level of +/- 10% which resulted in the split being Quality 50%/Price 50%. The cost/quality ratio was set to reflect the Council's need to provide quality services at the most economical price. A summary of the tender process is set out in Appendix 1.

3.11 The tender results for the two tenders received are as follows:

<b>Bidders</b>	<b>Quality Score (50%)</b>	<b>Price Score (50%)</b>	<b>Totals</b>
PAM	39	50	89
Bidder 2	36.25	39.68	75.93

- 3.12 The outcome of the tender evaluation is that PAM submitted the most economically advantageous tender and is the preferred bidder.
- 3.13 The successful bid from PAM, based upon the Council's indicative spend for OH and EAP services over the previous financial year, projects a cost saving of £700K (16.7%) over the entire contract period.
- 3.14 The contract will be managed by Human Resources which will track benefits and work in partnership with PAM to develop and enhance management information and reporting throughout the life of the contract to enable continuous improvement on both sides.

## **4. Measures of success**

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- 4.1 By awarding this contract there will be:
- significant cost saving for the Council on overall spend on OH and EAP services; and
  - agreed KPIs with PAM which will be monitored to ensure contracted levels of service are achieved. (see Appendix 2).

## **5 Financial impact**

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- 5.1 The estimated contract value is £3.5million. This sum is indicative of average spend based on a monthly average for OH and EAP services. Contract spend and utilisation of the EAP service will be monitored on an ongoing basis to promote the service and encourage uptake.
- 5.2 The prices are fixed for the life of the contract and for any extensions.
- 5.3 The successful bid from PAM, based upon the Council's indicative spend for OH and EAP services, projects a cost saving of £700K over the contract period including extension. This cost saving represents a direct comparison between our current spend and PAM's tender.
- 5.4 The costs associated with procuring this contract are estimated at between £20,001-£35,000.

## **6 Risk, policy, compliance, and governance impact**

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- 6.1 A full implementation plan will be developed to ensure a successful transition to the new contract.
- 6.2 Human Resources will work with line managers, trade unions and Communications to drive compliance and the use of one supplier by introducing clearer guidelines to all staff.
- 6.3 Human Resources will work with the preferred supplier to ensure success in meeting all OH and EAP demands.
- 6.4 Human Resources will take overall responsibility for managing the contract and implementing control and governance monitoring.

## **7 Equalities impact**

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- 7.1 An Equality and Rights Impact Assessment (ERIA) has been completed and there are no direct impacts arising from this report.

## 8 Sustainability impact

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- 8.1 There are no impacts on carbon, adaptation to climate change or sustainable development arising directly from this report.

## 9 Consultation and engagement

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- 9.1 Commercial and Procurement Services has been engaged in the procurement of this service contract.
- 9.2 The Corporate Leadership Team has been consulted upon and advised about this procurement.
- 9.3 Consultation and engagement with Trade Unions has been undertaken via the Partnership at Work forum and will be an ongoing requirement following this procurement.
- 9.4 Consultation with staff via a wellbeing survey to inform the needs from this service.

## 10 Background reading/external references

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- 10.1 Advisory, Conciliation and Arbitration Service (ACAS) Managing Staff Absence: A step by step guide <http://www.acas.org.uk/index.aspx?articleid=4206>
- 10.2 Chartered Institute of Personnel and Development (CIPD) Absence Measurement and Management: <https://www.cipd.co.uk/knowledge/fundamentals/relations/absence/factsheet>

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## 11. Appendices

### Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Occupational Health and EAP services
Contract period (including any extensions)	3+1 to commence on 8 January 2018
Estimated contract value	£3.5 million (Total including extension)
EU Procedure chosen	Mini Competition utilising Crown Commercial Services (CCS) Framework RM3795 – Occupational Health Services, Employee Assistance Programmes and Eye Care Services
Invitation to tender issued	3
Tenders returned	2
Recommended supplier	People Asset Management Limited (PAM)
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	Occupational Health and EAP services (Lot 1)
	Quality 50%
	Price 50%
	Quality
	Management Referrals 16%
Health Surveillance 10%	
Physiotherapy 12%	
Counselling Sessions 5%	
Wellbeing App 1%	
OH & EAP combined 1%	
functionality	
Management Advice 5%	

Evaluation Team	Head of Human Resources Employee Relations and Reward Senior Manager Health and Safety Senior Manager Employee Relations Consultant
Procurement Costs	£20,001-£35,000

## **Appendix 2 – Key Performance Indicators**

### **Occupational Health**

#### **Online Portal**

- Online Portal to be available fifty-two (52) weeks a year, Monday to Friday 08:00 to 18:00, excluding Public and Bank Holidays, except for agreed downtime and maintenance which will be agreed with the Council at least seventy-two (72) hours in advance of such work being carried out.

#### **Telephone Support Services**

- All telephone support line Services to be available Monday to Friday 08:00 to 18:00, fifty-two (52) weeks a year (or as defined by the Council) excluding public and bank holidays.
- All calls to be answered within five (5) rings.

#### **Case Management**

- Occupational Health Advisor or Occupational Health Physician face to face consultation to be held and report to be provided within 10 working days of Council referral (including confirmation of appointment to the employee and line manager).
- Occupational Health Advisor telephone consultation to be held and report to be delivered within four (4) working days of Council referral.
- Occupational Health Physician telephone consultation to be held and report to be delivered within seven (7) working days of Council referral.
- All written case reports to be right first time (with correct level of information and details).

#### **Health Surveillance and Fitness for Task**

- All health surveillance, monitoring and specialist fit for task assessments and reports to be completed within ten (10) working days of referral.

#### **Pre-Appointment and Pre-Enrolment Checks**

- Delivery of report to Council following online screening within twenty four (24) hours.

#### **Physiotherapy**

- Appointment and first face-to-face physiotherapy session to take place within seven (7) calendar days of referral.

#### **Complaints**

- All customer Complaints to be acknowledged within one (1) Working Day of receipt.
- Customer complaints to be resolved within ten (10) working days.

## **Contract Management**

- All invoices right first time, provided with supporting Data and received at the agreed times.
- Account management support available Monday to Friday 8am - 6pm with responses to queries from the Council within one (1) Working Day.

## **Management Information**

- Management Information delivered at agreed periods with Council (defined at Call Off stage).

## **Employee Assistance Programme**

### **Telephone Support Services**

- All telephone support line Services to be available twenty-four (24) hours a day, seven (7) days a week, three hundred and sixty-five (365) days a year.
- Urgent or 'red flag' cases will be matched immediately for telephone support.
- All calls to be answered within five (5) rings.
- Call abandonment rate to be less than two (2)%.
- Call-back to Council by EAP adviser (not including counselling), following initial contact to take place within four (4) hours of first contact or next Working Day if agreed by Council.
- Initial call back to Council following triage, to take place within two (2) hours.
- All queries not requiring counselling Services to be completed within twenty-four (24) hours.

### **Online Portal**

- Online Portal to be available twenty-four (24) hours a day, seven (7) days a week, three hundred and sixty five (365) days a year a day except for agreed downtime and maintenance which will be agreed with the Council at least seventy two (72) hours in advance of such work being carried out.

### **Counselling Services**

- Counselling Services to be available twenty-four (24) hours a day, seven (7) days a week, three hundred and sixty five (365) days a year.
- Urgent or red flag cases will have first face to face counselling session offered within twenty four hours of first contact (if need determined).
- All counselling appointments (telephone, e-counselling or face to face) to be arranged within 48 hours of first contact.
- Initial counselling session to take place within 5 days of first contact.

### **Trauma and Critical Incident Support**

- Where critical incident procedures have been invoked, all employees must have access to designated telephone support within two (2) hours of notification.

- A workplace site presence with the appropriate number of skilled Supplier Personnel available within forty-eight (48) hours.

### **Complaints**

- All complaints to be acknowledged within one (1) Working Day of receipt.
- All Complaints to be updated at an interval of every two (2) Working Days.

### **Contract Management**

- All invoices right first time, provided with supporting data and received at the agreed times.
- Account management support available Monday to Friday 8am - 6pm with responses to queries from the Council within one (1) Working Day.

### **Management information**

- Management Information delivered at agreed periods with Council (defined at Call Off stage).