

## Item 3

11th April 2019



**Glasgow City Council**

**Contracts and Property Committee**

**Report by Director of Governance and Solicitor to the Council**

**Contact: Elaine Galletly Ext: 74653**

### **The Provision of Occupational Health Services**

**Tender Reference :- GCC004582CPU**

#### **Purpose of Report:**

To submit details of the tender received for the provision of Occupational Health Services and recommend acceptance of the most economically advantageous tender as detailed in this report.

#### **Recommendations:**

The Contracts and Property Committee is requested to approve the award of a contract for the provision of Occupational Health Services to the supplier listed below.

People Asset Management Ltd

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

## **1 Background and Tender**

- 1.1 Glasgow City Council's current spend for the provision of Occupational Health Services is £725,000 per annum.
- 1.2 An analysis of historical spend shows the council's expenditure and demand for Occupational Health Services has increased year on year since 2014. This has mainly been influenced by: increasing levels of health surveillance; wider promotion of vaccination programmes; attendance at health and wellbeing events; health checks; and provision of on-site services in our ALEOs. However, future demand for services will continue to be analysed.
- 1.3 A comprehensive Occupational Health Service is an integral part of the council's maximising attendance policy to support the control and management of employee absence. In accordance with the policy, an Occupational Health Service will assist the council to mitigate against service delivery problems due to employee absenteeism and provide assistance to employees with health problems at an early stage.
- 1.4 The Health and Safety at Work etc. Act 1974 introduced the obligation to protect the health of the workforce, with the Management of Health and Safety at Work Regulations 1999 giving further impetus to health issues. Occupational Health is now therefore taking a higher profile within health and safety management.
- 1.5 This contract will cover a range of occupational health requirements, including but not limited to the following: -
  - pre-employment questionnaire health screening
  - occupational health consultations with nurse or physician
  - musculoskeletal referrals
  - driver medical checks
  - taxi driver medicals
  - ill health retirements
  - health surveillance services
  - vaccinations / inoculation programme
  - work station / DSE (display screen equipment) risk assessments
- 1.6 A commodity team consisting of stakeholders from Corporate Services, Education Services, Neighbourhoods and Sustainability, Development and Regeneration Services, Glasgow Life and the Corporate Procurement Unit was formed to develop the sourcing strategy and deliver a new contract.
- 1.7 In line with council policy, the commodity team first considered the Scottish Governments' (SG), Scottish Prison Service Occupational Health Framework Agreement. However, as the SG Framework only includes one supplier, namely Optima Health, the decision was taken to utilise the Eastern Shires Purchasing Organisation (ESPO) Framework Agreement which includes 4 suppliers: Optima Health; Health Management; OH Assist; and our incumbent supplier People Asset Management.

- 1.8 The ESPO framework offered a better opportunity to achieve best value than the SG Framework, by affording a competitive process between the 4 appointed Framework suppliers. Therefore, it was agreed that a mini-competition under Lot 10 Scotland (Ref 985) of the ESPO framework agreement for Occupational Health Services would be the most appropriate method to deliver this contract.
- 1.9 The period of the contract is 2 years with the option to extend for a further 2 years, commencing April 2019.
- 1.10 The contract will be utilised by the whole council family.

## 2 Evaluation

- 2.1 All 4 framework suppliers were invited to bid for this contract. One supplier declined due to a corporate restructure. The 3 remaining suppliers expressed an interest, however due to capacity issues of the supplier's current business projects and the cost associated with resultant TUPE rights of the incumbent supplier, only one bid was received.
- 2.2 The award evaluation was based on the following criteria:-

Price	Quality	Quality Sub Criteria
40%	60%	Organisation – 3%
		Mobilisation – 3%
		Service Delivery – 24%
		System Overview and Training – 25%
		Fair Work Practices – 5%

Community Benefits were included as mandatory requirement.

- 2.3 The evaluation of award criteria and the scoring of the supplier who has been recommended for award is shown in the table below:-

Supplier	Total Evaluation Score	Value
People Asset Management Ltd	91.6	£821,211

- 2.4 The award of a new Occupational Health contract to our incumbent supplier enables a transition to the new contract without any interruption to service delivery and reduces much of the expense normally associated with transitioning from one to supplier to another.
- 2.5 There have been a number of technological advances and service developments since the award of the last Occupational Health contract, therefore a full implementation review will be undertaken with the supplier in order to establish contract efficiencies.

For example, the supplier's referral system (OHIO) has new functionality in order to improve the efficiency of the current referral system and in turn the referral process. Another example of technological developments are text/email notifications which the supplier will issue prior to an appointment, instead of a written letter. A number of departments have already started using this functionality, however Corporate HR would like this rolled out across all council departments in order to improve on the attendance rate of employees that do not attend appointments.

- 2.6 Corporate HR will monitor the supplier's day to day operational performance. Overall contract and supplier performance will be managed by Corporate HR and the Corporate Procurement Unit. Corporate HR will also work with the supplier and council family to ensure that contract developments are fully understood and implemented to best effect.

### 3 Policy and Resource Implications

#### **Resource Implications:**

*Financial:*

The cost of the services will be met by service areas and ALEO's revenue budgets.

This new contract will result in an overall price increase of £96,211 (13%). This increase is based on analysis of current spend/pricing (£725,000), tendered in 2014, compared with the recommended supplier's submission (£821,211).

The original commercial response received was £885,371. Post Tender clarifications resulted in a cost avoidance of £64,160 (7%). These reductions were achieved against a backdrop of wage increases and market inflation.

The true value of the contract can only be actualised as demand for the services becomes known.

*Legal:*

The report raises no new legal issues.

*Personnel:*

No direct personnel implications for this project.

*Procurement:*

Please refer to Paragraph 1.8.

#### **Council Strategic Plan:**

This procurement supports the following key priorities in the Council Strategic Plan, specifically under the following themes: -

A Healthier City, priority 44.

The aim of this contract is to improve the wellbeing and mental health of employees, providing assistance to employees with health problems at an early stage. A comprehensive occupational health service is an integral part of the Council's policy arrangements for the control and management of absence.

A Thriving Economy, priority 4 and 5.

The priorities were supported within the framework by applying the undernoted evaluation criteria and weightings:

Fair Working Practices – 5%  
Community Benefit - Mandatory

The deliverables for each of the priorities are listed below within the Sustainability Impact section.

**Equality and  
Socio-  
Economic  
Impacts:**

*Does the  
proposal support  
the Council's  
Equality  
Outcomes 2017-  
22*

An EQIA screening has been undertaken and can be accessed on the council website, link located below:

<https://www.glasgow.gov.uk/CHttpHandler.ashx?id=44430&p=0>

*What are the  
potential  
equality impacts  
as a result of  
this report?*

There are no significant impacts identified at this point. However, a further EQIA will be undertaken on appointment of the recommended supplier.

*However Please  
highlight if the  
policy/proposal  
will help address  
socio economic  
disadvantage.*

For social benefits please see section below.

**Sustainability  
Impacts:**

*Environmental:*

A mixed service delivery model of tele-consultations and face to face appointments has been implemented meaning less travelling is required.

*Social, including  
Article 19  
opportunities:*

People Asset Management Ltd pay as a minimum the Glasgow Living Wage and are formally registered with Glasgow City Council.

*Economic:*

People Asset Management Ltd has confirmed the following Community Benefits as part of this contract:

3 Work Experience Placements – 16+ Years of Age

2 Work Experience Placements – Graduate / Student

2 Careers Events, Industry Awareness Days or Workshops for School Pupils or College Students

2 Workplace Visits for School Pupils or College Students

**Privacy and  
Data Protection  
impacts:**

As part of the procurement process a data protection impact assessment was completed. As People Asset Management Ltd is the incumbent supplier, the council is already familiar with their systems and will work to further improve the handling of council data, and our employees' data.

**4 Recommendations**

The Contracts and Property Committee is requested to approve the award of a contract for the provision of Occupational Health Services to the supplier listed below.

People Asset Management Ltd