

## **Report to Interim Director of Human Resources and Organisational Development**

**June 2021**

### **Award of contract for Occupational Health Services**

#### **Report by Head of Specialist HR services**

**Electoral divisions: N/A**

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#### **Summary**

An occupational health service ensures that there are systems in place so that employees' health and wellbeing is well supported and that managers can make informed decisions on the fitness of employees to work.

The current contract for the service is due to expire on 30 September 2021. As part of Decision ECR03 20-21, the Cabinet Member for Economy and Corporate Resources endorsed the commencement of a procurement process to select a new provider.

The procurement process has concluded and this report seeks approval to award the contract to the winning bidder. The proposed contract length is 5 years (3yr + 1 +1).

#### **Recommendation:**

That the Interim Director endorses the award of contract for occupational health services to Duriamond Healthcare Limited (Company number SC229346) for three years from October 2021 with an option to extend for a further two years (1+1) at an estimated cost over the term of the contract of circa £1.121m.

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#### **Proposal**

##### **1 Background and context**

- 1.1 In order to deliver efficient and effective core and front-line services to the residents of West Sussex, the Council needs to ensure its employees are healthy, motivated and well-supported.
- 1.2 Access to an occupational health service helps achieve this aim, by advising on individuals' fitness to work, helping to prevent ill-health at work and advising when work may be impacting on employees' health.

- 1.3 An occupational health service also helps the organisation comply with legal and regulatory obligations (e.g. Health and Safety at Work Act 1974 and Pension Regulations) and avoid costs associated with employee sickness absence.
- 1.4 The current contract for occupational health services with Health Management Limited will expire on 30 September 2021 after 5 years of operation. There are no further extensions available under the contract.
- 1.5 Following a review of the scope of services required under a refreshed contract, it was agreed that the procurement of services would cover:

<b>Core Services</b>	<b>Ancillary (demand based) services</b>
<ul style="list-style-type: none"> <li>○ Pre-employment assessment for fitness to work.</li> <li>○ Management referrals</li> <li>○ Fire Fighter medicals (pre-employment and periodically during employment)</li> <li>○ Driver medicals</li> <li>○ Health surveillance activity</li> <li>○ Ill health retirement assessments</li> <li>○ Industrial injury allowance assessment</li> </ul>	<ul style="list-style-type: none"> <li>○ Specialist reports</li> <li>○ Vaccinations</li> <li>○ Physiotherapy</li> <li>○ Other ad-hoc services</li> </ul>

- 1.6 The proposed contract will cover the corporate requirement (including Fire and Rescue) as well as those schools which access the West Sussex Services for Schools arrangement. The proposed contract term is 3 years with the option to extend for a further 2 years in annual increments.
- 1.7 The tender documents also covered the requirements of three partner organisations; Chichester District Council, Arun District Council and Horsham District Council. However, their commercial relationship with the provider will be separate to that of West Sussex County Council.
- 1.8 The route to market used was the Lot 1 of Eastern Shires Purchasing Organisation's (ESPO's) Occupational Health Services Framework (reference 985\_19) OJEU 2019/S 074-175560. An invitation to tender (ITT) was published on the Council's e-sourcing portal to the 11 providers listed on the ESPO Framework on 19 February 2021, with the deadline for receipt of submissions as 29 March 2021.
- 1.9 The evaluation approach (as stated in the tender documents) was to identify the bidder submitting the most economically advantage tender (MEAT), with a weighting of 40% Price and 60% Quality. Six responses were received by the closing date and taken forward for evaluation.

1.10 The tender was evaluated by a range of internal subject matter experts for compliance against the specification and system support during the contract term.

## **2 Proposal details**

- 2.1 It is proposed to award the contract for occupational health services to Duriamond Healthcare Limited. Duriamond Healthcare Limited's response scored the highest on a price/quality evaluation.
- 2.2 The total value of the core services expected to be delivered under the contract over a 5 year term (3yr + 1yr + 1yr) and accounting for inflation is approximately £1.121m.
- 2.3 The contract also provides a mechanism for the Council to access ancillary services but demand for these has been historically very low and difficult to forecast.
- 2.4 A separate pricing structure was also established for the partner organisations included in the tender exercise who will enter into their own (separate) agreements with the provider.
- 2.5 The features and benefits of the proposed contract are:
- Similar resource provision to the current contract;
  - Increased use of tele-medicine in line with emerging working practices;
  - The use of an on-site clinic (at County Hall North) to support the majority of referrals;
  - Access to an off-site network of clinics to support complex face to face referrals where travel might be an issue for the employee;
  - Provision of a mobile unit to assist with health screening at remote sites such as depots or fire stations;
  - The provision of management information to support the Council to understand health and wellbeing trends across the organisation;
  - Specific social value commitments that will be monitored during the term of the contract.

## **3 Other options considered (and reasons for not proposing)**

- 3.1 There is no option to extend the current contract and there is no resource in place to deliver the service direct or in house. Other options were determined by the response to the invitation to tender and the award is based upon the outcome of the procurement process.

## **4 Consultation, engagement and advice**

- 4.1 Consultation has been carried out with the following

- HR Business Partners
- Finance
- Legal

- Procurement and Contract Management Service
  - Schools
- and the Cabinet Member for Economy and Corporate Resources has been kept advised of the process and its outcome
- 4.2 There is a need for strong communication to managers to explain the change in provider and any new business processes in preparation for go-live on 01 October 2021.

## **5 Finance**

### 5.1 Revenue consequences

	<b>Current Year 2021/22 (Oct 21 – Mar 22) £m</b>	<b>Year 2 2022/23 £m</b>	<b>Year 3 2023/24 £m</b>	<b>Year 4 2024/25 £m</b>	<b>Year 5 2025/26 £m</b>	<b>Year 6 2026/27 £m (Apr 26 – Sep 26)</b>
Revenue budget	£0.110	£0.221	£0.223	£0.225	£0.228	£0.114
Expected Spend*	£0.110	£0.221	£0.223	£0.225	£0.228	£0.114
Remaining budget	0	0	0	0	0	0

\*Based on current usage levels continuing and inflation calculated at 1% p.a.

### 5.2 The effect of the proposal:

#### **(a) How the proposal represents good value**

The contract has been subject to a commercial competition using a recognised Framework Agreement. The price/quality assessment criteria were set to ensure a suitable balance between affordability and quality service delivery.

#### **(b) Future savings/efficiencies being delivered**

The financial model of an annual fee for the core services (paid monthly) will assist with the administration of the contract and help smooth cost projections through the year.

A cost tolerance of 7% (increase or decrease) has been built into the contract and will be reviewed annually by the Council and the Provider. For example, if the Council over utilises the contract by 10% (for the core elements only) it will pay 3% of the annual fee, equally if the Council under utilises by 10% it will receive a rebate of 3% of the annual fee.

The use of a mobile unit for health screening activities will reduce the travel time and costs incurred to get to appointments.

#### **(c) Human Resources, IT and Assets Impact**

The on-site clinic at Horsham County Hall North will continue to be used to support the delivery of face to face appointments, subject to the new provider confirming that the premises are suitable.

The bidder's IT security was assessed as part of the tender process with no issues raised.

## 6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
The contract mobilisation takes longer than anticipated.	A period of 12 weeks has been allocated for transition between providers.  Dedicated resource from HR will support the organisation in developing a plan and carrying out the transition activities alongside the incoming provider.
Demand for services fluctuates over the contract term	There is a cost tolerance of 7% (up or down) based on the annual contract price. This will be reviewed annually.
The incoming supplier requires WSCC to make adjustment to premises	The Council will work with the incoming supplier to ensure the rooms at Horsham meet relevant clinical standards.

## 7 Policy alignment and compliance

- 7.1 The benefits resulting from an engaged and well-utilised occupational health service support Outcome 2 'Getting the best from our People' under the Priority 'Making best use of resources'.
- 7.2 An occupational health service that helps minimises costs associated with employee sickness/absence assists with delivering value for money for the residents of West Sussex.
- 7.3 The provision of occupational health services demonstrates the Council's commitment to supporting employees to remain in employment by effectively managing their disabilities or health conditions and helps the Council meet its obligations under the Equality Act 2010.
- 7.4 The proposed procurement has been conducted in accordance with the Public Contracts Regulations 2015 and WSCC Standing Orders on Procurement and Contracts.
- 7.5 There is a clear commitment from the incoming provider to undertake social value activities during the term of the contract. These will be monitored during the contract by the relevant contract manager.
- 7.6 The proposal has no implications under the Human Rights Act 1998. There are no foreseeable crime and disorder implications to this proposal.

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**Appendices**

None

**Background papers**

None