

Finance and Resources Committee

10.00am, Thursday 9 December 2021

Award of Contract for Occupational Health and Employee Assistance Programme

Executive/routine Executive
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee (F&R):
 - 1.1.1 Approves the award of a Contract for Occupational Health Services, including an Employee Assistance Programme to People Asset Management Ltd;
 - 1.1.2 Notes the Contract term will begin on 1 April 2022 and shall be for an initial duration of three years with an option to extend for a further two-year period. This extension period may be utilised in one- or two-year increments; and,
 - 1.1.3 Notes the sum payable over the maximum Contract term is estimated to be in the region of £2,800,000.

Stephen S. Moir

Executive Director of Corporate Services

Contact: Katy Miller, Service Director: Human Resources

Human Resources Division, Corporate Services Directorate

E-mail: katy.miller@edinburgh.gov.uk | Tel: 0131 469 5522

Report

Award of Contract for Occupational Health and Employee Assistance Programme

2. Executive Summary

- 2.1 This report seeks approval to award the Contract for Occupational Health Services to People Asset Management Ltd (PAM) to begin in April 2022 for an initial period of three years, with the option to extend for further period(s) of up to two years.
- 2.2 Services shall enable the Council to address health and attendance issues, meet their statutory obligations surrounding health surveillance, identify the preventative measures that can be taken to minimise the overall risk of sickness absence and improve employee health and wellbeing in the workplace.

3. Background

- 3.1 The Council currently offers Occupational Health and Employee Assistance Services to employees via a Contract which is due to expire in March 2022.

4. Main Report

- 4.1 Commercial and Procurement Services (CPS) and Human Resources (HR) undertook a Mini Competition utilising Lot 4.7 (Occupational Health on a Regional Basis – Scotland) from Crown Commercial Services (CCS) Framework Agreement for Occupational Health, Employee Assistance Programmes and Eye Care Services (RM6182).
- 4.2 On 17 August 2021, the Council issued an Invitation on Public Contracts Scotland (PCS) to Service Providers on Lot 4.7 (Occupational Health on a Regional Basis – Scotland) of the Framework Agreement with a submission deadline of 24 September 2021.
- 4.3 A minimum standard of having premises based within Edinburgh City Council boundaries was inserted into the requirement to ensure service users have an easily accessible premises to receive treatments.

- 4.4 A cost/quality ratio of 50:50 was applied as cost and quality were considered of equal importance considering the financial need of the Council to make savings on delivery. The specification included industry standard characteristics. A quality threshold was included in the Tender.
- 4.4.1 **Cost** 50%
- The price for evaluation was based on a price per head per annum figure being given for both Occupational Health and Employee Assistance Services.
- 4.4.2 **Quality** 50%
- Service Providers answered questions on how they intended to implement and deliver the Contract with due consideration of aspects such as robust contract management, data protection, sustainability considerations and community benefits.
- 4.5 Tenders were received from two Service Providers. Other providers on the Framework Agreement did not have an office base within Council boundaries. Occasional in person contact is an essential element of some aspects of service delivery.
- 4.6 The response from PAM was considered the most economically advantageous tender in this instance. A summary of tendering and the tender evaluation process is attached at Appendix 1.

5. Next Steps

- 5.1 Subject to approval by the Committee, the contract will be awarded to PAM to begin in April 2022 for an initial period of three years, with the option to extend for further period(s) of up to two years.
- 5.2 Following the award, HR will work with PAM's implementation team to agree and deliver an implementation plan.
- 5.3 HR will ensure that effective Contract Management is delivered throughout the lifecycle of the Contract, in accordance with the Council's Contract Management Framework and with the support of the Contracts and Grants Management Team (CAGM), as necessary.
- 5.4 A Contract Management and Handover report, detailing the necessary steps and measures, will be produced and agreed. It is envisaged that proactive contract management (to include robust monitoring of all appropriate management information, key performance indicators and budget/savings tracking) will assist in the delivery of an effective and efficient service for the Council throughout the duration of the Contract.

6. Financial Impact

- 6.1 The total value of the Contract was estimated at up to £3,000,000 over the maximum lifetime of the Contract.
- 6.2 The estimated cost of the Contract is directly related to employee headcount as well as the current utilisation levels of the different services offered.
- 6.3 Direct cash savings achieved by tendering against sums currently paid are estimated to be approximately £45,586 per annum (£227,930 against budget over the maximum five years of the Contract including the extension period.)
- 6.4 HR is considering using a proportion of the budget saved via the tendering exercise to further improve the service offered by utilising enhanced optional service provision that was offered by PAM in their tender. If any option is utilised it will be established via a pilot initially to track the benefits versus the cost.
- 6.5 Non-financial savings can be attributed to a decrease in sickness absence, increased service delivery and improved services for the citizens of Edinburgh as a result of having an Occupational Health service in place for Council staff.

7. Stakeholder/Community Impact

- 7.1 As part of the Crown Commercial Services (CCS) Framework Agreement, Service Providers are expected to provide Community Benefits linked to the service. This requirement was assessed as part of the quality evaluation and the delivery of these Community Benefits will be monitored throughout the life of the contract. Community Benefits offered relate to a commitment to local work experience and employment opportunities as well as health promotion events
- 7.2 PAM have confirmed that all employees are paid the Real Living Wage.
- 7.3 As PAM are the current incumbent provider, there are no TUPE implications to be considered in the awarding of this contract.

8. Background Reading/External References

- 8.1 None

9. Appendices

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Occupational Health Services and Employee Assistance Programme	
Contract Period	Starting in April 2022 for an initial period of three years, with the option to extend for further period(s) of up to two years
Estimated Contract Value (including extensions)	£2,800,000
Procurement Route Chosen	Mini Competition utilising Lot 4.7 of CCS Framework Agreement for Occupational Health, Employee Assistance Programmes and Eye Care Services (RM6182).
Tenders Returned	Two
Name of Recommended Service Provider	People Asset Management (PAM)
Price / Quality Split	50:50
Questions	Contract Delivery Team (10%) Delivery of Services (30%) Implementation (10%) Individual Service Outcomes (10%) Contract Management (10%) Platform Accessibility (10%) Data Protection (5%) Enhanced Service Provision (10%) Community Benefits (5%) Fair Work Management Information (N/A)