



Key Decision Report of the Corporate Director of Resources

Officer Key Decision	24 November 2020	Ward(s): N/A
-----------------------------	-------------------------	---------------------

Delete as appropriate		Non-exempt
------------------------------	--	------------

SUBJECT: Procurement strategy and contract award for Occupational Health Service

1. Synopsis

- 1.1 This report seeks approval for the procurement strategy and contract award in respect of the Occupational Health Service contract in accordance with Rule 2.7 of the council's Procurement Rules.
- 1.2 This contract is for the provision of occupational health services that will support the council's 'Well Run Council' key performance indicators. The contract will ensure that the council fulfils its legal requirements under health and safety legislation and manages employee wellbeing efficiently and effectively.

2. Recommendation

- 2.1 To approve the procurement strategy and contract award for occupational health to the value of £600k to Medigold Health via a direct call-off contract through the YPO framework agreement 899, Lot 1 Occupational Health, for a period of two years with the option to extend for a further 12 months on two occasions (for a total of four years) commencing on 01 April 2021.

3. Date the decision is to be taken:

4. Background

4.1 Nature of the service

The core occupational health service covers the processing of pre-employment, ill-health assessments, health surveillance and medical referrals. The service handles approximately 600 medical referrals per year. The service also supports more complex cases and long term sickness absence with advice and guidance to ensure a satisfactory return to work, specialist support or ill health retirement. Consistent approaches in both preventing and managing sickness absences helps to embed the council's workforce strategy.

Discussion with Health and Safety, Resources Management Team, our recognised trade unions and Human Resources Business Partners who manage the relationships between the contract and service users has also taken place regarding the preferred procurement route to secure a new contract.

A direct call-off contract will be undertaken in accordance with the YPO framework agreement 899, Lot 1 Occupational Health. YPO is a publically owned organisation formed by local authorities to aggregate demand and generate buying efficiencies, saving money for the tax payer. This contract shall be managed through quarterly account management meetings to review key performance indicators, reasons for referrals and joint action plans to support interventions. Historic trend data analysis shall be used to support directorate, corporate and member led scrutiny of sickness absence.

The existing contract is due to expire on 31 March 2021. The new contract will commence on 01 April 2021 ensuring the operation of an effective occupational health services for the council is maintained.

4.2 Estimated Value

Current spend averages £150k per annum from existing revenue budgets held centrally by Human Resources. Directorates are typically charged separately for physiotherapy and rebooked appointments resulting from late cancellation or no shows. The £150k value of the contract is based on a monthly fee based on the number of council employees, and in addition the council incurs costs for services such as home visits, case conferences, physiotherapy, specialist consultant reports through GP surgeries, pandemic PPE surcharges to support face to face appointments now that these have restarted and wellbeing programmes.

Text appointment reminder services minimise costs incurred from rescheduled appointments. Benchmarking data shows Islington is broadly comparable to other local authorities in terms of value, number and nature of referrals. As a member of YPO, the council receives a share of any surplus made by YPO, which contributes to the corporate procurement medium term financial strategy savings target.

4.3 Timetable

The existing contract expires on 31 March 2021. The new contract needs to be in place from 01 April 2021. The procurement timetable is therefore:

- Approval of Procurement Strategy and Award –24 November 2020
- Award of contract – December 2020
- Mobilisation – January/March 2021
- Contract start – 1 April 2021

4.4 Options appraisal

In the interests of health and safety and being a responsible employer, ceasing the service was not a viable option.

Insourcing is not a viable option due to substantial additional costs for resources such as occupational health physicians, nurses, office space and medical examination facilities.

The recommended approach is to continue externally commissioning the service, with a call-off contract from an established framework agreement as the most expedient route to market. A review of suitable framework agreements identified a direct award through the YPO framework agreement as the preferred option. The YPO framework agreement 899 (Lot 1 Occupational Health) service specification has been reviewed, which incorporates the key requirements of the core service needed by the council.

Using the YPO framework agreement will deliver the procurement quickly, efficiently and cost effectively. The framework agreement has been procured through an OJEU compliant tendering process. Providers on the framework agreement are 'pre-qualified' as to their general suitability, and pricing has been benchmarked against a comparable competitive market. Pricing of the framework has recently been reviewed.

4.5 Key Considerations

A requirement to pay the London Living Wage will be included as a contract condition.

The YPO framework agreement allows for specific KPIs to be agreed by the council and the provider. This gives the opportunity for social value to be embedded in the contract and KPIs. KPIs on social value include:

- Flexible working policy
- Trade union/staff representative engagement
- Inclusion & Diversity commitments
- Promoting good work/health and wellbeing policies
- Community engagement – e.g. a Volunteering policy which offers free sessions for local communities ; commitment to engage with the World of work (iWork) programme
- Jobs – supporting local recruitment by advertising vacancies on the council's recruitment system

Throughout the life of this contract, regular reviews will continue to take place of the service and agreed key performance indicators to ensure these remain on target.

Due diligence will be carried out with regard to TUPE regulations.

4.6 Evaluation

A direct call-off contract will be undertaken via the YPO framework agreement. The original framework agreement was awarded on the basis of cost/quality award criteria split was 30% cost/70% quality. The proposed framework agreement explicitly allows for a direct award of a call-off contract where a provider offers the most economically advantageous offer.

The proposed call-off will ensure business continuity of high risk complex cases, continuous service improvement, and expediency of award. Feedback from managers to help drive change, further service improvements to support and improve the customer interface (e.g. reduce cancelled/no show appointments, management communications on open cases), and a new COVID-19 specific pandemic support service.

The council is satisfied that Medigold Health will offer the most economically advantageous offer from this framework agreement and those other agreements reviewed.

4.7 Business Risks

Failure to secure a new agreement for occupational health presents a significant risk to the council and public service delivery of key services. The COVID-19 pandemic has presented additional risks for maintaining service delivery in a manner which protects and supports public health. The effects of long term COVID-19 are still not clear. Post-COVID short and long term illness will be closely monitored for impact. Telephone services for occupational health can minimise face-to-face interaction risks where appropriate to do so.

4.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.9 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
-----------------------------	--------------------------------------

1 Nature of the service	Occupational Health Service for council employees. See paragraph 4.1
2 Estimated value	The estimated value is £600k for the full period of 2 years with the optional 2 years of extensions. See paragraph 4.2
3 Timetable	Officer key decision – 24 November 2020 Award of contract – December 2020 Mobilisation – January/March 2021 Contract start – 01 April 2021 See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	As outlined in the report. See paragraph 4.4
5 Key considerations	As outlined in the report. See paragraph 4.5
6 Award criteria	As outlined in the report. See paragraph 4.6
7 Any business risks associated with entering the contract	As outlined in the report. See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	See paragraph 5

5. Implications

5.1 Financial implications:

The contract with Medigold Health will commence 01 April 2021 and it is proposed to cover a period of 24 months with an optional extension of two 12 months periods, total of four years (2+1+1) and anticipated to cost £600k, with annual costs being £150k per annum.

The HR department currently has budget of £150k per annum to fund this contract, which is held centrally within HR's overall budget, this helps to keep control and monitor the budget more effectively. In addition, HR will charge other directorates for usage, cancellations and absence from appointments without any notification.

Thus, HR has funding to cover the costs as well as provision to re-coup/generate additional income from other services as stipulated by the service agreement.

5.2 Legal Implications:

The council may procure occupational health services in connection with the employment of its staff (s2(1) Health and Safety at Work etc. Act 1974, sections

111 and 113 Local Government Act 1972). The Council may enter into a contract for the provision of such services (section 1 Local Government (Contracts) Act 1997).

The proposed contract is a public services contract. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £189,330 for service contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the threshold to be subject to competitive tender. The proposed procurement strategy is to use the YPO Occupational Health framework for the supply of occupational health services, which was procured in compliance with the Public Contracts Regulations 2015 following an OJEU advertisement. The framework may be accessed by the Council for the occupational health services and a contract(s) may be awarded in accordance with the provisions set out in the framework. Use of the framework meets the requirements of the Public Contracts regulations 2015 and the council's Procurement Rules.

The estimated value of the new occupational health contract over 4 years is £600,000 revenue. The Corporate Director's delegated level for contracts funded from revenue is £2m (Procurement Rules paragraph 18.1.1) and therefore the award of the contract is within the Corporate Director's delegated authority, via a key decision report.

The new occupational health contract may be awarded to Medigold Health by way of call off from the YPO occupational health framework provided that the Corporate Director of Resources is satisfied that the Medigold Health offer represents value for money for the council.

5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

An Environmental Risk Assessment has been completed. The majority of assessments will be delivered through telephone consultations by a nurse or physician, minimising the need to travel. When staff do have to attend the London-based clinics, they will be encouraged to travel by public transport. These clinics also have environmental impacts including energy and water use, but are utilised by all service users of the provider, not just employees from Islington Council.

Due to the COVID-19 pandemic waste will be generated through medical gloves and PPE during face to face medical consultations.

5.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public

life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment has been completed.

6. Reasons for the decision:

The proposed procurement and contract award supports the continued delivery of an effective occupational health service, when existing arrangements 31 March 2021 expires.

The use of a nationally established framework agreement demonstrates value for money and an expedient route to market.

7. Record of the decision:

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by:

Corporate Director of Resources

Date

Appendices:

Resident Impact Assessment

Report Author: Linda Nicholas, Head of HR Business Partnerships & Business Analytics
Tel: 07825 098 248
Email: linda.nicholas@islington.gov.uk

Financial Implications Author: Khogen Sutradhar
Tel: 0207 527 2499
Email: Khogen.sutradhar@islington.gov.uk

Legal Implications Author: David Daniels AD Commercial & Environment Law
Tel: 020 7527 3277
Email: David.Daniels@islington.gov.uk