

SURREY COUNTY COUNCIL**CABINET****DATE: 15 DECEMBER 2015****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER****SUBJECT: AWARD OF FRAMEWORK AND CONTRACTS FOR THE PROVISION OF EMPLOYEE HEALTH SERVICES****SUMMARY OF ISSUE:**

The Council's employees are at the core of delivering on the corporate strategy and the organisation promises to provide effective front line services to residents. In order to do this, the Council need to ensure that employees remain happy, healthy and well supported.

Occupational Health and Employee Assistance services form crucial elements of the Councils' overall health and wellbeing strategy which is centred around proactively ensuring its employees have the appropriate structures in place to ensure the continued positive wellbeing of it's staff, that they remain fit for work and where necessary are rehabilitated back to work in a timely and care centred way.

To support the health and wellbeing strategy, this report seeks approval to award a framework agreement for a period of four years, and a subsequent contract for the Council, for the provision of Employee Health Services. The framework consists of three lots as follows:

Lot 1 – Occupational Health Services

Lot 2 – Employee Assistance Services

Lot 3 – Absence Management Services

This report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report, demonstrates why the recommended contract award delivers best value for money.

This report is the result of a successful collaborative exercise with East Sussex County Council, and a number of other local authorities in the Surrey and East Sussex regions.

Due to the commercial sensitivity involved in the contract award process the commercial details of the successful suppliers have been circulated as a Part 2 report.

RECOMMENDATIONS:

It is recommended that:

1. The framework agreement be awarded to the following three suppliers, for a period of four years to commence on 1 January 2016 and to expire on 31 December 2019:
 - a. Lot 1 – Occupational Health Services to be awarded to Team Prevent Ltd
 - b. Lot 2 – Employee Assistance Services to be awarded to OH Assist
 - c. Lot 3 – Absence Management Services to be awarded to First Care Ltd

2. Individual contracts for the Council are awarded to Team Prevent and OH Assist for a period of three years with the option to extend for one further year to commence on 1 April 2016 for:
 - a. Lot 1 – Occupational health Services at an anticipated total value of £1.1m
 - b. Lot 2 – Employee assistance Services at an anticipated total value of £522,000

3. Cabinet note that the HR service is currently in the process of completing a business case to proceed to put in place a contract from lot 3 of the framework and implement the absence management service within the Council.

REASON FOR RECOMMENDATIONS:

During a review of the spend and contracts in the Corporate and Human Resources categories across Surrey and East Sussex Councils, an opportunity was identified to collaborate on the design of the specification, align the expiry of the current contracts and retender as a joint contract to appoint the same providers for both Councils.

Following discussion with a number of public sector authorities in the region, it was found that there were several authorities with similar requirements for employee health services whose contracts were due to expire within the next 18 months. This has created an opportunity to pool volume and approach the market with a larger offering than that of the Council on its own, to achieve better rates through economies of scale.

Following an assessment of a number of options, it was decided that the creation of a framework, led by the Council and open to public sector authorities in the Surrey and East Sussex region would be the most appropriate route to market.

In addition to better rates, through the use of the framework by other authorities it is anticipated that the common arrangements will provide an avenue for further collaborative joint working such as wellbeing campaigns, co-location of clinics, and proactive sharing of best practice.

The tender was in compliance with the requirements of Public Contracts Regulations 2015 and the Council's Procurement Standing Orders. The recommendation provides best value for money for these contracts, following a thorough evaluation process.

This procurement exercise has been carried out in collaboration with East Sussex County Council to secure a single provider to deliver the service for both Councils via individual contracts for each Council.

DETAILS:

Background

1. As part of the overall health and wellbeing service that is provided by the Council for its employees, Occupational Health and Employee Assistance services help to ensure that employees remain fit for work and are supported and rehabilitated back to work in a timely and care centred way, and have the appropriate support. This framework will assist greatly and be critical to the Council's aspirations of reducing long term absence, and building on good performance.
2. The existing contracts for Surrey County Council for the supply of both Occupational Health and Employee Assistance services are due to expire on 31 March 2016.
3. The contract award will support the Council's ability to continue to provide these support services for employees to maintain a healthy workforce.
4. A joint project team was set up to include representatives from Human Resources (HR) and Procurement from both Surrey and East Sussex County Councils.
5. The project team carried out extensive consultation with key services teams and senior management within both Councils to advise the specification and priorities for the tender.
6. The project team also carried out extensive consultation with a number of public sector authorities in the region who directly fed into the design of the new specification to ensure that the framework would be fit for purpose for a range or organisations. Participants included:
 - Babcock 4s (to advise on SCC Schools behalf)
 - Surrey, East Sussex and Thames Valley Police consortium
 - East Sussex Fire & Rescue
 - Woking Borough Council
 - Surrey Heath Borough Council
7. The parties listed above have reviewed and fed into the specifications and as a result have indicated an intention to utilise this framework in line with their contract expiry dates, and have provided volume information that has formed part of the procurement.
8. In addition to the parties above a number of authorities were listed as able to access this framework should they wish. These authorities include all District & Boroughs and Clinical Commissioning Groups within the Counties of Surrey and East Sussex. Following the award of this framework this opportunity will be promoted further to all authorities listed as able to access this framework.
9. It was identified through the consultation that there could be an opportunity in working with other partners identified above for further collaborative joint working such as wellbeing campaigns, co-location of clinics, and proactive sharing of best practice.

10. Market analysis was completed to assess the market trends, route to market opportunities and key suppliers within the market capable of fulfilling the needs of the Council. Market consultation with providers was also carried out, and ensured the project team were well informed of the market structure and able to identify new emerging trends.
11. The tender exercise was conducted in collaboration with East Sussex County Council to appoint a single provider per lot of the framework. The collaboration on this framework forms part of the development of the wider Orbis partnership, and will act as an enabler for integration.
12. As part of the collaboration with East Sussex County Council, joint strategic aims for the new contracts were developed:
 - Support positive health and wellbeing
 - Prevent ill health absence
 - Manage and reduce sickness
13. This will be achieved through:
 - Reducing absence by minimising risks of sickness or injury
 - Supporting sick or injured employees to optimise the rehabilitation process and individual's health, safety and welfare needs
 - Reducing and managing risks and consequences of poor mental and physical wellbeing
 - Supporting services in the management of sickness absence
 - Fulfilling its statutory obligations and duty of care responsibilities in relation to the health, safety and welfare of its employees
 - Participating in the provision of effective wellbeing education programmes.

Procurement Strategy and Options

14. An open tender process compliant with the Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, has been carried out using the Council e-Procurement system, with the opportunity advertised within the Official Journal of the European Union, and on Contracts Finder.
15. Several procurement options were discussed and considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These included the following options:
 - a. Ceasing the current service
 - b. Utilising an existing framework
 - c. Going out to tender for a new contractual arrangement via a full Official Journal of the European Union (OJEU) tender.
16. After a full and detailed options analysis, the tender process described in 15(c) was chosen. This option was deemed most appropriate and selected as it enables the Council to pool its spend with partner authorities and an opportunity to go out to market with a larger volume to attract better rates. Setting up our own framework

would also allow us to extend the agreements for use by districts and boroughs within both counties and emergency services within Surrey and East Sussex under the same provider, and support the development of Orbis.

17. Representatives from key service areas were involved throughout the evaluation process to ensure that the preferred solution was fit for purpose for all areas of the organisation.

Key Implications

18. By awarding a framework to the suppliers as recommended, for the supply of Employee Health Services, to commence on 1 January 2016, the Council will be meeting its obligations to provide Occupational Health and Employee Assistance services and ensuring best value for money for this service.
19. The Council will put in place separate contracts for the provision of Occupational Health services and Employee Assistance services immediately, to ensure there is no gap in provision at the expiry of the existing arrangements on 31 March 2016.
20. There will be a 12 week mobilisation period from January 2016 to April 2016 to ensure systems are configured, staff are informed and the new service promoted, and processes, infrastructure and data are fully in place for the launch of the new contracts in April 2016.
21. Performance will be monitored through ongoing review of the suppliers in accordance with defined Service Level Agreements and Key Performance Indicators. There will be monthly operational level reporting and quarterly strategic meetings to review performance and discuss improvements. There will also be joint strategic meetings with East Sussex County Council as part of the partnership working approach to this contract.
22. The contracts will utilise local and Small and Medium Sized Enterprises (SME) in the supply of specialist services such as physiotherapy, audiology, counselling delivered via sub contractors under the main suppliers.
23. The management responsibility for the contract lies with the dedicated contract manager within HR. The contract will be managed in line with the HR policies and the processes agreed with the successful suppliers.
24. The rates are agreed on an annual basis and no changes can be made to those rates without prior agreement from the contract manager within the Council.
25. Based on discussion and prior engagement in the build up to the tender process, it is expected that in addition to the Council and Surrey schools, the following authorities will also utilise this framework
 - Lot 1 – Occupational Health Services
 - East Sussex County Council
 - East Sussex Fire & Rescue Services
 - Woking Borough Council
 - Surrey Heath Borough Council
 - Lot 2 – Employee Assistance Services
 - East Sussex County Council
 - East Sussex Fire & Rescue Services

- Woking Borough Council
- Surrey Heath Borough Council
- Surrey, East Sussex and Thames Valley Police consortium

- Lot 3 – Absence Management Services
- East Sussex County Council

Competitive Tendering Process

26. The contract has been tendered using an open procedure and advertised within the Official Journal of the European Union. It was decided that the open procedure was appropriate as there are a limited number of suppliers in this specialist market that can fulfil the requirements of a larger organisation such as Surrey County Council and partners.
27. A total of thirteen bids were received, split as follows:
- Lot 1 – Occupational health Services – five bids received
 - Lot 2 – Employee assistance Services – six bids received
 - Lot 3 – Absence Management Services – two bids received
28. The numbers of bids received were better than expected and a number of bidders applied for multiple lots, seeking to provide a single source for all or some parts of the framework.
29. The tender was evaluated on the following split of price and non-price based criteria as detailed in table 1 :

Table 1 – Lot specific weightings

Lot 1 – Occupational Health Services		Lot 2 – Employee Assistance Services		Lot 3 – Absence Management Services	
Price Based Weighting		Price Based Weighting		Price Based Weighting	
Pricing Schedule	30%	Pricing Schedule	30%	Pricing Schedule	35%
Price Based Questions	10%	Price Based Questions	10%	Price Based Questions	5%
Non Price Weighting		Non Price Weighting		Non Price Weighting	
Quality Questionnaire	45%	Quality Questionnaire	45%	Quality Questionnaire	45%
Presentation	15%	Presentation	15%	Presentation	15%
Total	100 %	Total	100 %	Total	100%

30. Bidders were notified in advance of the tender being issued, and within the tender documentation, that following the initial response, the top three scoring bidders would be shortlisted and taken through to a presentation stage, whilst all bidders outside the top three would not continue any further in the process.

31. The initial tender response was evaluated against the criteria and weightings as shown below

Lots 1 & 2

- Quality Questions – 45%
 - Pricing Schedule – 30%
 - Cost-based questions – 10%
- Maximum Total for phase 1 - 85%**

Lot 3

- Quality Questions – 45%
 - Pricing Schedule – 35%
 - Cost-based questions – 5%
- Maximum Total for phase 1 - 85%**

32. Following the initial tender response the top three scoring bidders per lot were shortlisted to the presentation stage. The shortlisted bidders were as follows:

Lot 1	Lot 2	Lot 3
OH Assist	OH Assist	Santia
Health Management Ltd	People Asset Management	First Care
Team Prevent	Health Assured	

33. The shortlisted bidders were then evaluated in accordance with predefined questions and scenarios which were provided to the bidders in advance, and formed the final 15% of the total score possible.

34. Based on the combined total scores received for both phases of the tender the winning bidders recommended for the award to the framework are as follows:

- Lot 1 – Occupational health Services – Team Prevent UK Ltd
- Lot 2 – Employee assistance Services – OH Assist
- Lot 3 – Absence Management Services – First Care Ltd

35. The procurement department has received positive feedback from unsuccessful bidders complimenting on how the process was run and the quality of the feedback provided on their bids following the tender process.

36. Please refer to Part 2 report for further information related to the breakdown of scores at each stage of the tender.

CONSULTATION:

37. Key stakeholders within both Surrey and East Sussex County Councils have been consulted at all stages of the commissioning and procurement process, as well as representatives for partner authorities including:

- Procurement
- Legal Services
- HR Leadership Teams
- Service based Senior Management Teams
- Front line Hiring Managers
- Finance

- Audit
- IMT

RISK MANAGEMENT AND IMPLICATIONS:

38. Risks were appropriately identified in Table 2 and have mitigation actions in place.
39. The terms and conditions include termination provisions for convenience to allow the Council to terminate the contract should priorities change.
40. The framework terms and conditions include Non Exclusivity provisions to allow the Council to use other suppliers to fulfil roles if required.
41. The specification and terms and conditions clearly set out that during the life of the contract the sourcing strategies will be reviewed on a regular basis to ensure they are appropriate for the life of the contract and can be subject to change following agreement from the Council and the suppliers.
42. All suppliers successfully completed satisfactory financial checks as part of the framework competition.

Table 2 – Risks and mitigating actions

Category	Risk Description	Mitigation Activity
Financial	Price increases due to market conditions and prices within existing contract held for a number of years.	The framework controls and fixes the prices which are reviewed on an annual basis. In addition the model provides discounts based on volume of headcount which will see price reductions as other authorities utilise the framework.
Supply	Supply disruption during changeover of suppliers	A twelve (12) week implementation has been allowed to ensure the new provider is ready and has fully implemented the necessary process and systems to support them for the launch of the new contract.
Reputational	Change of suppliers could lead to unrest within the services	A twelve (12) week implementation has been allowed to ensure the new provider is ready and has fully implemented the necessary process and systems to support them for the launch of the new contract.
Data	Loss to data on existing cases during changeover	The framework specifies that where necessary the new suppliers are required to receive and store medical records and previous case details both in physical and electronic form. This will be transported according to strict confidentiality procedures.
Carbon emissions	Carbon emissions due to employees having to travel large distances to attend face to face consultations.	Suppliers are expected to provide a number of clinics within the county for employees to attend face to face consultations to reduce both travelling time and carbon emissions. In addition it is being investigated whether space can be made within larger area offices to have an on-site clinic to reduce travel for employees.

Financial and Value for Money Implications

43. The value of the Council's contracts, including schools, for the full four year possible term are as follows:
- Occupational Health services – £1.1m
Employee Assistance Services - £522,000
44. Based on the cost of the previous contracts, the new contracts represent an annual saving of £40,000 for the Council's services and £83,000 for schools, which would equate to a total saving of £492,000 over the total four year possible contract life.
45. Full details of the contracts values, scoring and financial implications are set out in the Part 2 report.
46. The contracts are charged on an annual price per employee rate basis which is in keeping with the normal industry practice. A volume discount model has been put in place that will further reduce the cost per employee as more organisations use the framework and bring additional volume.
47. An annual review process of employee volume across all organisations utilising the framework has been written into the framework which will allow an annual agreement on the employee rate.
48. In addition during the course of the year if a new customer puts in place a contract from the framework and brings significant additional volume then it triggers an immediate review. If the volumes are such that the new total employee volume attracts a lower rate then all future invoices for all customers are reduced

Section 151 Officer Commentary

49. The Section 151 Officer confirms that the proposed contracts are affordable within the current Medium Term Financial Plan (MTFP) and that the estimated savings are achievable.

Legal Implications – Monitoring Officer

50. The Council has a duty to secure best value and to comply with relevant statutory provisions in the way in which it procures services. The procurement exercise undertaken to secure the provision of the services as outlined in this report complies with those requirements.

Equalities and Diversity

51. An initial assessment of the impacts on staff with protected characteristics was conducted which concluded that a further Equality Impact Assessment (EIA) was not required as this was not a new service, nor were there any significant changes to the provision of the service that negatively affected staff with protected characteristics. Despite this, the protected characteristics of staff were considered throughout the subsequent procurement exercise and the Council's senior Equality, Inclusion and Wellbeing manager was involved as a key project member throughout the entire process.

52. In addition, representatives from a number of service areas within the Council were involved in the specification design and subsequent procurement exercise to ensure that the needs of staff with protected characteristics were being considered.
53. The preferred suppliers will be required to comply with the Equalities Act 2010 and any relevant codes issued by the Equality and Human Rights Commission.
54. The following table represents the key impacts on protected characteristics that were deemed to be affected by this service and the mitigating actions that were taken during the procurement exercise.

Characteristic	Impact	Mitigating Actions
Disability	<p>There is a potential impact on accessibility to clinics in the delivery of the service for both Lot 1 and 2.</p> <p>Accessibility to the online resources and referral forms.</p> <p>This affects all lots.</p>	<p>Lot 1- All bidders were asked to propose their clinic locations and detail how they meet accessibility standards, how they adhere to the Equalities Act 2010 and how they are assessed with consideration to transport links.</p> <p>Lot 2 –Bidders were requested to detail how they vet new counsellors to ensure their locations meets accessibility standards, and how they audit affiliates on a regular basis to ensure they remain fit for purpose. Also when assigning a counsellor the provider will take into consideration the individual's work and / or home locations.</p> <p>IMT have assessed the online resources of all winning bidders in relation to AA Web Content Accessibility standards in relation to making content accessible for users with hearing, visual or motor difficulties.</p> <p>Lot 1 - The default referral process is via the web based online for, however the supplier is able to offer a telephone based referral for individuals who would have difficulty in using the online system.</p> <p>Lots 2 & 3 – The default mode of access is via telephone, however there is the option to access the service and send requests via web based resources</p>
Sex	<p>There is a potential negative impact for staff with talking to or receiving services from supplier staff of the opposite sex.</p> <p>This is relevant to lots 1 and 2.</p>	<p>Lot 1 - The proposed winning bidder outlined that during the referral process if a face to face consultation is required, the staff member can request that their assessor is of the same sex.</p> <p>Lot 2 - The proposed winning bidder outlined when assigning a counsellor they take into consideration a number of factors, including any requests from the individual for a counsellor of the same sex.</p>

<u>Other Implications:</u>

55. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Safeguarding responsibilities for vulnerable children and adults	As part of the delivery of this contract all workers that will have exposure to vulnerable adults or children will be subject to an enhanced DBS check. The provider will have in place robust DBS procedures that are in keeping with the Council's policies and will be carried through to supporting agencies. The provider will monitor the expiry dates of workers requiring DBS clearance and no worker will be allowed to work without a valid and in date DBS clearance.

<u>WHAT HAPPENS NEXT:</u>

56. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award including call in period	23 December 2015
10 day standstill	24 December 2015 – 04 January 2016
Contract Signature	January 2016
Framework implementation	January 2016
Surrey County Council Contract signature	January 2016
Surrey County Council Contract Commencement	April 2016

Contact Officer:

Dean Fazackerley,
Category Specialist – Procurement and Commissioning, Business Services,
Tel: 020 8541 79476

Annexes:

Part 2 report with financial details attached - item 17.

This page is intentionally left blank