

	<p>Executive 16th January 2006</p> <p>Report from the Director of Human Resources and Diversity</p>
For Action	Wards Affected: ALL
<p>Authority to award contract for Occupational Health Services</p>	

Appendix 2 of this report is Not for Publication

1.0 Summary

- 1.1 This report requests authority to award contracts as required by Contract Standing Order No 88. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded.

2.0 Recommendations

- 2.1 That the Executive award the contract for Occupational Health Services to National Britannia Limited for a three year period commencing on 1st April 2006, with an option to extend the contract for a further two-year period subject to the General Purposes Committee also giving approval to the award.

3.0 Detail

Background

- 3.1 The objectives of the Council's occupational health service are to:
- facilitate reductions in employee sickness absence;
 - reduce work-related ill-health in employees;
 - improve work opportunities for people with disabilities;

- create a healthy workplace and a healthy workforce;
- ensure compliance with statutory health screening requirements

The service to the Council is currently provided by Occupational Health Westminster (OHW), a part of the Westminster Primary Care Trust. The contract with OHW was entered into in April 2002, initially for a period of one year and then for a further two years with an option for a third year. The contract is due to come to an end on 31st March 2006.

3.2 Under the current occupational health contract, OHW provides the following services to the Council:

- pre-employment health screening;
- health surveillance;
- sickness absence referrals;
- management support, training and development;
- health promotion for staff and managers;
- confidential counselling for staff.

3.3 The current contract includes a comprehensive reporting system to monitor the performance of the contract and the take-up of the service. The operation of this contract with OHW has coincided with an incremental reduction in the number of ill-health retirements of Brent staff, together with a decline in average sickness absences levels to 10 days per annum per employee.

The tender process

3.4 On 6th September 2005 the General Purposes Committee and on 12th September 2005 the Executive gave approval to go out to tender for a contract for occupational health services. Approval was given to seek tenders to enter into a new contract for a period of three years with an option to extend for a further period of two years, to commence on 1 April 2006. The tendering process used by the Council for the procurement of the occupational health services contract is the 'Single Stage Tender'. Under this process any contractor with an interest in the contract is automatically entitled to tender in response to an advertisement, with selection and award stages, although separate and discrete, taking place simultaneously. The Single Stage Tender procedure is particularly suitable where there are only a limited number of contractors in the market place that would be interested in the contract.

3.5 Advertisements were placed in the trade press and the local paper in the first week of October 2005 to invite tenders for the provision of occupational health services to the Council from interested organisations. A detailed specification setting out the Council's requirements for the delivery of the service, together with other relevant documentation, were placed on the Council's internet site.

3.6 The tendering instructions stated that the contract would be awarded

on the basis of the most economically advantageous offer to the Council, and that in evaluating tenders, the Council would have regard to the following criteria approved by the Executive and General Purposes Committee:

1. Previous experience of providing occupational health services to large and complex organisations
2. Qualifications and technical expertise of the staff of the contractor providing the function to the Council
3. Price
4. Ability to provide active support and assistance to managers in reducing sickness absence levels amongst staff of the Council
5. Appropriateness and effectiveness of the Tenderer's proposed systems and working methods
6. Accessibility of the service to Council staff
7. Health and safety
8. Equal opportunities matters, including race equality, gender and disability
9. Quality control and assurance

3.7 Tenderers were required to submit additional information by way of method statements providing details of their proposed arrangements for performing the services. A list of the method statements requested is contained in [Appendix 1](#). Tenderers were also required to complete and return questionnaires requesting information in connection with business probity, economic and financial standing and ability and technical capacity including health and safety.

3.8 13 enquiries were received from interested parties requesting copies of the documentation for the contract award. This does not include any organisations which may have accessed the details via the Council's web-site, without contacting the Council. Tender submissions were subsequently received from 5 contractors.

Evaluation process

3.9 The tender evaluation was carried out by a panel of officers consisting of two senior managers from service departments and a representative from Human Resources. Advice and assistance was provided to the panel of officers by Legal Services, Procurement and Risk Management, Financial Services and the Health and Safety Unit.

3.10 All tenders had to be submitted by no later than Monday 14th November 2005. Tenders were opened on 14th November, and 5 valid tenders were received. A list of the organisations submitting tenders is attached at [Appendix 2](#). Perusal of tender documentation by officers from the Human Resources, Legal, Procurement and Risk Management and Financial Services revealed that each of the five tenders received required clarification of certain matters. As a result all Tenderers were requested to provide additional written information on specific aspects of their respective tender submissions. Responses to these requests were received from all five Tenderers. The tenders and

additional information provided were photocopied and given to each member of the evaluation panel. Each member of the panel read the tenders using evaluation sheets to note down their comments on how well each of the award criteria was addressed.

- 3.11 The panel initially met on 2nd December to discuss the tenders. At this meeting an officer from Financial Services confirmed that one of the tenders received (from Tenderer E) was not able to meet the Council's financial criteria. In respect of the other four tenders, the panel identified a number of areas where further clarification of their submissions was required, and as a result the remaining four Tenderers were invited to meet with the panel on 9th December to provide that clarification. An assessment of Tenderers' facilities was also undertaken by Human Resources, with the exception of the facilities of Tenderer B as this Tenderer does not currently have premises within relevant commuting distance (45 minutes of the Town Hall) but indicated an intention to obtain such facilities if awarded the contract.
- 3.12 Following interviews with Tenderers, the panel met again on 19th December and each submission was marked by the whole panel against the award criteria. A copy of the Panel Evaluation Marking Grid is included as Appendix 3 showing the weightings given to each criterion. References were also taken up. The scores awarded by the panel to each tender together with the scores after applying relevant weightings are included in Appendix 4.
- 3.13 Tenderers were required to price the contract for the following:
- a block price to cover the provision of essential services under the contract including pre-employment screening, medical referrals, and health surveillance;
 - a price schedule for the provision of immunisation services; and
 - a price schedule for the provision of additional services on a 'cost-per-item' basis.

Of the four tenders evaluated, the prices submitted varied considerably. A breakdown of fee proposals for the block price for essential services, which forms the overwhelming bulk of the total contract price, is attached at Appendix 2 (based on the potential five-year period of this contract).

- 3.14 Of the tenders evaluated, Tenderers C and D proposed to operate the service from accommodation in Central London, within 45 minutes travel of the Town Hall as required. Tenderer D did however indicate that if awarded the contract it would be exploring the possibility of obtaining accommodation in Brent as this may be more cost effective than its Central London premises. Of the other two Tenderers, Tenderer A had premises in Brent, while Tenderer B indicated its intention to lease premises in the Brent area if awarded the contract. All four Tenderers have contracts with other local authorities for the provision of occupational health services,

- 3.15 Tenderers B, C and D all operate a nurse led service where the majority of sickness absence and medical referrals are seen by a nurse initially but with the ability for the nurse to refer on to an occupational health physician. Only Tenderer A operated a service where the majority of sickness absence and medical referrals are seen by the occupational health physician, the means by which the service has traditionally been provided to the Council. As noted in paragraph 3.17, Tenderer A was significantly over budget.
- 3.16 Tenderer D failed to submit certain Health and Safety documentation with their tender submission but following a request provided appropriate documentation.

Evaluation conclusions

- 3.17 The scores awarded by the panel to each tender after applying relevant weighting are included in Appendix 4. Tenderer D scored highest overall followed by Tenderers A, C and B. Tenderer D presented itself as business-like and efficient, with robust management systems. It is committed to working in partnership with Brent Council and to providing clear, meaningful and actionable advice on sickness absence cases. It is important to note however, that as detailed in paragraph 3.15, the service provided is nurse led. Of the tenders received, only Tenderer D and C were within the Council's budget (set in line with the current contract price) for the delivery of the occupational health service, with Tenderers A and B being significantly over budget. Tenderers A and B were respectively approximately £955k and £350k above the current contract price over the five-year duration of the contract.
- 3.18 Having scored each tender and applied relevant weightings to the scores, Officers would recommend National Britannia Limited (Tenderer D) for the award of the contract for occupational health services, being the most economically advantageous tender.
- 3.19 The contract will commence on 1 April 2006.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k or works contracts exceeding £1million shall be referred to the Executive for approval of the award of the contract.
- 4.2 The estimated value of this contract is £150k per annum (based on the block contract price for essential services) with the contract for a three year period with an option to extend for a further two year period. The estimated total value of services contract is over the £500k threshold.
- 4.3 A representative of Brent Financial Services carried out the financial assessment of the tenders and advised the panel accordingly.
- 4.4 It is proposed that the new contract will be funded by a contribution from existing resources in much the same way as the current contract

with contributions from the Pension Fund of 50 percent, with the balance from the human resources budget and service units being re-charged for referrals.

5.0 Legal Implications

5.1 The estimated value of the occupational health contract exceeds the Public Services Contracts Regulations 1993 threshold for Part B Services (of £129,462). Occupational health services are Part B Services for the purposes of the EU Services Regulations and as such are subject to partial application of the EU Regulations, including:

- (i). Non-discrimination in the technical specification.
- (ii). Notification of the contract award to the EU Publications Office.
- (iii). Provision of information about the contract to the ODPM if requested.

The contract is not therefore subject to the full tendering requirements of EU Regulations.

5.2 The estimated value of this contract is above the Council's Standing Orders threshold for High Value Service Contracts (of £500,000), and the award of the contract is consequently subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations.

5.3 The Local Government Act 2000 and regulations under this Act seek to define the division between which functions can be dealt with by the Executive, and which functions cannot. It is unclear from the regulations whether decisions relating to the award of the Occupational Health Contract can be dealt with just by the Executive or not. In the circumstances approval for award of this contract is being sought from both the Executive and the General Purposes Committee in order to ensure that the appropriate body considers this matter.

6.0 Staffing Implications

7.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from retendering the contract.

7.0 Diversity Implications

7.1 The Council is committed to ensuring that its employment practices do not impact unfairly on its employees in equality and diversity terms. This applies to the provision of occupational health services to staff and the operation of various health related Council procedures. The assessment of the tenders therefore took into account diversity and equal opportunities matters including race, gender and disability. Factors such as:

- the accessibility of tenderers' premises,
- tenderers' understanding of diversity considerations in service delivery, and
- tenderers' ability to give consideration to employees' backgrounds,

were taken into account by the panel. The panel believes that the recommended Tenderer will be able to deliver a service that meets the Council's commitment to equality and diversity.

8.0 Background Information

8.1 Occupational Health Procurement File

8.2 General Purposes Committee Report of 6 September 2005

8.3 Executive Report of 12 September 2005

Contact Officer(s) details

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OCCUPATIONAL HEALTH SERVICES CONTRACT

METHOD STATEMENTS

Tenderers were required to submit 8 Method Statements in a specified format, along with the Form of Tender. The Council evaluation panel used the Method Statements to assess the quality of each tender submitted and to make comparisons between them. These method statements are set out below.

Method Statement 1: Service Delivery

Tenderers are required to describe their proposals for delivering the occupational health service. Tenderers should include in this statement details of the following:

- Where the service will be delivered, and details of the facilities which are available.
- The hours and staffing arrangements.
- The activities which will be performed by the occupational health physician and occupational health nurse.
- Arrangements for ensuring that advice is available during 'normal office hours'.
- How the Tenderer will ensure a smooth handover from the current provider.

Method Statement 2: Service Quality

Tenderers are required to describe their proposals for delivering a quality service which meets the needs of the Council. Tenderers should include in this statement details of how they will monitor quality against service standards.

Method Statement 3: Resourcing

Tenderers are required to describe their arrangements for recruiting, training and developing their staff, including the following:

- Employee recruitment procedures.
- Verification of employee qualifications, skills and experience.
- Arrangements for maintaining employee skills, knowledge and accreditation.
- Assessment of employee training needs.
- Training and development programmes.

Method Statement 4: Managing Sickness Absence

Tenderers are required to set out the advice they would give the Council on managing sickness absence effectively. Tenderers should provide details of specific initiatives developed for other clients and evidence of their success.

Method Statement 5: Maintaining Healthy Working Environment

Tenderers are required to set out the advice they would give the Council on maintaining a healthy working environment for their employees. Tenderers should provide details of specific promotional work they have delivered for other clients and evidence of their success.

Method Statement 6: Balancing Client Confidentiality

Tenderers should provide details of how they will balance the need to maintain client confidentiality whilst disclosing sufficient information to enable the Council to make informed decisions on an employee's fitness for work. Tenderers should also describe any additional considerations they would take into account when giving advice on the Disability Discrimination Act 1995.

Method Statement 7: Equalities

Tenderers are required to describe how they will ensure that equal opportunities are integrated into delivery of the occupational health service. Tenderers should provide details of their own equalities policies in service delivery and employment, and initiatives taken to implement the policy.

Method Statement 8: Security of Medical Records

Tenderers are required to describe their arrangements for ensuring security of medical records, and for ensuring compliance with the Access to Health Records Act 1990.

OCCUPATIONAL HEALTH SERVICES CONTRACT

PANEL TENDER EVALUATION MARKING GRID

Name of Tenderer:		<i>Key to Scores (except price)</i> 0 Unacceptable 1 Weak in Areas 2 Broadly Meeting Requirements 3 Acceptable 4 Good 5 Exceeds Requirements
Panel Members:	Pat Keating Margaret Read Mukesh Upadhyay	
Date of Panel Assessment:		
Evaluation Criteria:	Most economically advantageous	

EVALUATION CRITERIA	WEIGHTING	POINTS SCORED (out of 5)	TOTAL	COMMENTS
1. Previous experience of providing occupational health services to large and complex organisations	15%			
2. Qualifications and technical expertise of the staff of the contractor providing the function to the Council	10%			
3. Price	30%			
4. Ability to provide active support and assistance to managers in reducing sickness absence levels amongst staff of the Council	10%			
5. Appropriateness and effectiveness of the Tenderer's proposed systems and working methods	10%			
6. Accessibility of the service to Council staff	15%			
7. Health and safety	2%			
8. Equal opportunities matters, including race equality, gender and disability	4%			
9. Quality control and assurance	4%			
TOTAL WEIGHTED SCORE				

OCCUPATIONAL HEALTH SERVICES CONTRACT

TENDER EVALUATION GRID

		A		B		C		D	
Criterion	Weighting	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score
Previous experience of providing occupational health services to large and complex organisations	15%	5	0.75	5	0.75	4	0.60	5	0.75
Qualifications and technical expertise of the staff of the contractor providing the function to the Council	10%	5	0.50	3	0.30	3	0.30	4	0.40
Price	30%	2.03	0.61	3.15	0.94	5	1.50	4.69	1.40
Ability to provide active support and assistance to managers in reducing sickness absence levels amongst staff of the Council	10%	4	0.40	4	0.40	2	0.20	3	0.30
Appropriateness and effectiveness of the Tenderer's proposed systems and working methods	10%	4	0.40	3	0.30	2	0.20	3	0.30
Accessibility of the service to Council staff	15%	5	0.75	2	0.30	3	0.45	3	0.45
Health and safety	2%	3	0.06	5	0.10	3	0.06	5	0.10
Equal opportunities matters, including race equality, gender and disability	4%	5	0.20	5	0.20	4	0.16	3	0.12
Quality control and assurance	4%	4	0.16	3	0.12	3	0.12	4	0.16
Total Weighted Score			3.83.		3.41		3.59		3.98