

	<p>Executive 15 February 2010</p> <p>Report from the Director of Business Transformation</p>
Wards Affected: ALL	
<p>Authority to Award contract for the provision of Occupational Health Services</p>	

Forward Plan Ref: BusTr-09/10-7

1.0 Summary

- 1.1 This report requests approval to award the contract for the provision of occupational health services to Connaught Compliance Services Limited as part of a Framework Agreement with the West London Alliance (WLA).
- 1.2 This report details the procedure followed leading to the award of the Framework Agreement and savings to be achieved in joining the Framework Agreement.

2.0 Recommendations

- 2.1 The Executive approve the award of the contract for the provision of occupational health services to Connaught Compliance Services Limited for a term of three years commencing on 1 April 2010, with an option to extend for a further two year period.

3.0 Background

- 3.1 The Council's current contract with Connaught Compliance Services Limited (formerly National Britannia) provides Occupational Health ("OH") services to Council employees. The service involves the provision of pre-employment screening, medical referrals, work protection immunisation, health at work advice/initiatives, training for staff, counselling services and regular health promotions.
- 3.2 The contract has been in place since April 2006 and is due to expire at the end of March 2010. The contract includes an option to extend the arrangement for two consecutive periods of one year. The Council have already extended this by one year, and have the option, should it choose, to extend for one further year.
- 3.3 In May 2009 the Executive gave approval for the Council to enter a joint procurement process led by the Royal Borough of Kensington and Chelsea. Although the Council entered the joint procurement process, Brent was not obliged to join the framework if

the anticipated cost savings were not achieved or the service to be provided did not meet our requirements.

- 3.4 RBKC commenced a procurement process for a framework agreement with a single supplier. The contract notice received 30 expressions of interest, 14 of which submitted a PQQ response. Following the PQQ evaluation, 6 suppliers were short listed to submit a full Tender response (5 of which responded). The evaluation panel (consisting of representatives from the various WLA authorities, including Brent) then short listed 3 potential providers to invite to interview for further clarification; Connaught Compliance Services Limited (“Connaught”), Heales Medical and NHS Westminster. The provider with the highest overall score following full evaluation was Connaught. RBCK has since awarded the Framework Agreement to Connaught following Executive approval.
- 3.5 As detailed at paragraph 3.2 above, the Council does have the option to extend its existing contract for one further year. Officers have considered this option but feel that calling off the Framework Agreement from 1 April 2010 is preferred for the reasons set out below. The new call off contract will continue to provide majority of the services the Council currently receives but will be enhanced with an online health and well-being package and pre-employment questionnaire. There are however, two main changes for Brent Council staff in that counselling services will no longer be provided by the OH service and face to face appointments with the OH nurse and doctor will now take place at shared accommodation in Harrow (Civic Centre) or Shepherds Bush (new accommodation) rather than at accommodation within Brent Borough.
- 3.6 Counselling services will still be provided to staff through an Employee Assistance Programme (EAP) which will offer all staff up to six face to face counselling sessions per annum. The current arrangement through occupational health is not cost or operationally effective in that this service currently costs the Council 40k per annum and is provided one day a week at premises in Brent. In addition, demand for counselling services often means that employees have to wait a considerable amount of time for an appointment which can lead to an increase in sickness absence. The new EAP provides employees with a number of services ranging from legal and financial advice as well as face to face counselling arranged within a short timescales and can take place at a location of the employees choosing. The cost of the new EAP is around 24k per annum based on a per head charge.
- 3.7 The cost of OH accommodation within Brent is currently in the region of 20k (rising to 25k in 2010/2011) which can be reduced to 10k pa through the sharing of accommodation with the other WLA boroughs. Harrow Council already have their own consulting rooms for OH consultations within the Civic Centre and, with some minor adaptations, these can be expanded to accommodate staff from Brent. The accommodation at Shepherds Bush has been already been identified and customised for OH use by the WLA partners. Brent has no liability in terms of the accommodation currently occupied as the lease is held by Connaught Compliance and will expire when the new contract commences.
- 3.8 Staff will have the option to choose which site they attend and be able to claim any additional travel expenses in line with council policy. Guidelines and procedures are currently being prepared for staff in relation to the new arrangements and these will be issued if the Executive approve the proposed call off contract.

- 3.9 Consultation has already taken place with the unions who understand and accept the proposed changes to service provision on the basis of efficiency and improved service provision in terms of counselling for staff.

4.0 Financial Implications

- 4.1 The cost of the exiting OH contract is £231,091. The contract under the Framework Agreement would be for £158,028pa and the EAP contract, providing counselling services, costs an additional £24,800. Therefore, if the council were to join the Framework Agreement a saving of £48,263 pa would be achieved from April 2010 onwards. Given these potential savings, the option to extend our existing contract by a further year is not considered to be a viable option.
- 4.2 There will however, be a small cost incurred through additional travel expenses but this is not anticipated to be more than about 3k pa.
- 4.3 The contract term is for 3 years extendable by a further 2 years.

5.0 Legal Implications

- 5.1 The estimated value of the framework agreement over its lifetime is higher than the EU threshold for Services but as occupational health services are Part B Service under the Public Contracts Regulations 2006 ("EU Regulations"), the procurement was subject to partial application of the EU Regulations only, such as the over-riding duties of transparency and fairness.
- 5.2 The procurement was conducted using RBKC's own standing orders and financial regulations. On 28 July 2009 RBKC authorised the award of the framework to Connaught. RBKC subsequently entered into a framework agreement with Connaught on 1 October 2009. The framework agreement allows other authorities to call off occupational health services from the framework over its lifetime. To call off from the framework, it is necessary for authorities to sign an agreement with Connaught confirming that they will comply with the terms of the framework and including any terms specific to the call off with that authority. The value of a call off contract is based on pricing rates provided by Connaught as part of the procurement of the framework agreement as applied to the unique circumstances of an authority's requirements set out in the call off contract.
- 5.3 The Council's current occupational health contract expires on 31 March 2010, the initial contract term having been extended by one year. The Council wishes to call off from the framework a contract for a term of three years with an ability to extend the term by a further two years. The contract would commence on 1 April 2010. The value of the call off contract for the entire term (including possible extensions) is estimated to be £790k based on Brent's requirements and staffing. As the estimated value of the contract is above the Council's Standing Orders threshold for High Value Service Contracts (of £500,000), the award of the contract is subject to the Council's own Standing Orders and Financial Regulations in respect of High Value contracts and Executive approval is required for the award of the contract.
- 5.4 As the recommendation is to award the contract to Connaught who are the current service providers, there are no implications relating to the Transfer of Employment (Protection of Employment) Regulations 2006 ("TUPE"), nor are there any implications arising from the Code of Practice on Workforce Matters in Local Authority Service Contracts.

6.0 Diversity Implications

- 6.1 It was a requirement of all companies wishing to tender to have a suitable equal opportunities policy in place. Each organisation that submitted a PQQ was required to submit a copy of their relevant policies, and only organisations that provided evidence that they met the selection criteria passed to the next stage. An Equalities Impact Assessment will be carried to highlight any potential issues and the relevant steps will be taken to mitigate against these as appropriate.

7.0 Staffing Implications

- 7.1 As the current contract is being delivered by an external contractor, there are no TUPE implications for Council staff.

Background Papers

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