

REPORT TO CABINET

Title: **OCCUPATIONAL HEALTH SERVICES CONTRACT**

Date: 27 August 2009

Member Reporting: Councillor Burbage

Contact Officer(s): Carol Naismith, Head of HR 01628 796211

Karin Zussman-Ward, HR Policy Officer 01628 796211

Wards affected: None

1. **SUMMARY**

- 1.1.1 The contract for the Council's Occupational Health (OH) Services was awarded by Cabinet Prioritisation Sub-Committee on 20th August 2008. The period for which the contract was awarded and the terms unfortunately, were not clear in the original report. Members are asked to clarify the basis on which the contract was awarded.

2. **RECOMMENDATION:**

To clarify that the contract awarded to IMASS Limited on 22nd August 2008, to supply the Council with Occupational Health Services is on the basis of:

An initial period of 12 months with an option to extend annually for up to a further 4 years.

In accordance with the contract signed by IMASS, the first 2 extensions are automatic, subject to meeting certain performance criteria.

Performance in Year 1 is satisfactory and therefore the first automatic extension will be activated.

Confirmation of continued satisfactory performance to activate the second annual extension will be supplied by the Head of HR to Legal Services if appropriate.

The extensions for years 4 and 5, to be determined SMT as the annual value is within their delegated authority.

What will be different for residents as a result of this decision?
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Ensures the continuation of OH services to enable the Council to manage its absence and ill health cases and undertake pre-employment health screening.

3. SUPPORTING INFORMATION

3.1 Background

- 3.1.1 The decision to award the contract for OH services to IMASS Ltd, was taken by Cabinet Prioritisation Sub-Committee on 20th August 2008. As the bids exceeded the pre tender estimated costs of the service by more than 10per cent, the award of the contract was referred to Cabinet Prioritisation Sub-Committee for approval in accordance with Contract rule G31.2.
- 3.1.2 Unfortunately the report was not clear about the length of the contract award and although the minutes of the Sub-Committee state that the contract was for an initial period of 12 months with the potential to extend for a further 4 years, the resolution recorded does not specify the period of the approved contract award.
- 3.1.3 The HR unit undertook a thorough tendering process, in accordance with the principles of EU regulations, although as a Part B service healthcare is not covered by the Regulations.
- 3.1.4 The contract was advertised on the basis of a total contract period of 5 years and all the Pre-qualification and tender information and documentation confirmed that. OH services are problematic and following advice from Legal Services and Procurement it was determined that the contract should be awarded on the basis of a year, with annual extension options for up to a further 4 years. However, as a one year contract is short term and the bidding process costly for providers, to ensure that the contract was attractive enough to providers to make a bid, it was established that the first 2 renewals should be automatic subject to performance criteria.
- 3.1.5 The intention to award the contract for a total potential period of 5 years is clear, however the recorded decision does not reflect that intention. Members are asked now to clarify the situation by confirming the basis of the award of the contract as outlined in the recommendation above.

4. OPTIONS AVAILABLE AND RISK ASSESSMENT

4.1 Options

	Option	Comments	Financial Implications
1.	Agree the recommendations set out above <u>Recommended Option</u>	This was the original intention. The provider IMASS has a contract with the Council that reflects these terms.	None
2.	Reject the recommendations	The Council requires a continuing OH service. If rejected as there is insufficient time to undertake a further tendering exercise, a short	Costs would be incurred as a further tendering exercise would be required

	Option	Comments	Financial Implications
		extension to the current contract would still be required to allow another tendering process to be undertaken.	

4.2 Risk assessment

- 4.2.1 The continuation of this contract is required to facilitate the management of the Council's staffing resources. Changing providers in this area of service provision is very disruptive, in terms of service provision and building working relationships between HR and the provider.
- 4.2.2 After the withdrawal of the preferred provider during the 'Last and Final Offer' process, IMASS was considered the only other shortlisted provider worthy of appointing. HR have worked closely with them over the past 9 months to shape the service the Council requires.
- 4.2.3 The provider IMASS may consider the non renewal of their contract for at least a further 12 months as a breach of contract and may challenge the Council's decision.

5. CONSULTATIONS CARRIED OUT

- 5.1.1 Advice was obtained from the Legal Services Unit and Procurement and their comments included in this report.

6. COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL

- 6.1.1 The Panel endorsed the recommendation to clarify the basis on which the contract, approved by the Cabinet Prioritisation Sub-Committee on 20 August 2008, had been awarded.

7. IMPLICATIONS

- 7.1.1 The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	✓	N/A	N/A	✓

Background Papers: None