

EAST AYRSHIRE COUNCIL

CORPORATE GOVERNANCE COMMITTEE

29 MARCH 2007

CONTRACT FOR OCCUPATIONAL HEALTH PROVISION

Report by Depute Chief Executive/Executive Director of Corporate Support

1. PURPOSE

- 1.0 The purpose of this report is to advise the Committee of the outcome of the Joint Tendering exercise for Occupational Health Provision; to recommend approval of the preferred bidder; to agree the continuation of Associated Health Specialists as East Ayrshire Council's Occupational Health provider pending the Joint Provision taking effect on 14 May 2007; and to agree changes to charges for the physiotherapy service.

2. BACKGROUND INFORMATION

- 1.0 The Council has for the past five years (plus one additional year extension) engaged the services of Associated Health Specialists Ltd as its provider of Occupational Health Services.
- 2.0 An extension to the contract was approved previously by the Corporate Governance Committee to permit an investigation into a single contract provider for the three Ayrshire Councils in support of the benefits from Shared Services. This single provider has now been sourced through competitive tender.

3. OCCUPATIONAL HEALTH PROVISION

- 1.0 Following meetings between the three Ayrshire Council representatives, a common baseline service was agreed and under the lead of North Ayrshire Council a tender specification was developed, agreed and released in accordance with procurement protocols.
- 2.0 Currently, East Ayrshire Council contracts Associated Health Specialists Ltd to provide their Occupational Health Service. North Ayrshire Council engages Stirling Health Limited and South Ayrshire Council contract C-MIST.
- 3.0 Following seven expressions of interest and completion of pre-qualification questionnaires, seven tender documents were issued by North Ayrshire Council procurement.
- 4.0 By the closing date for Tender submissions, four completed returns were received. These four providers included the three current providers to each of the three Ayrshire Councils plus one speculative submission.

- 5.0 The four tender submissions were then assessed in accordance with the pre-determined criteria of 40% on cost and 60% for quality, which was considered a significant requirement.
- 6.0 The assessment panel, made-up of representatives from each of the three Ayrshire Councils, considered it appropriate to seek clarification on several proposals contained within the tender submissions from the three current providers. The fourth 'speculative' proposal was not suitable for further consideration.
- 7.0 Clarification was sought with each of the providers making a presentation to the assessment panel, followed by a short question series developed from the tender submission.
- 8.0 The provider considered most capable of delivering the required service to the three Ayrshire Councils, supported by the evaluation assessment was East Ayrshire Council's current provider Associated Health Specialists.

4. FINANCIAL IMPLICATIONS

- 1.0 The provision of an occupational health service to East Ayrshire Council employees will be as follows: -

4.1.1	Year 1	£72,300
4.1.2	Year 2	£74,250
4.1.3	Year 3	£76,200

At Year 3 there will be a service review for potential contract extension of up to two more years.

- 2.0 The cost of the current provision for 2006/07 was £78,636. The service cost will be met from existing budget provision within 2007/08 and the revenue estimates exercise for 2008/09 will address any increases in contract inflation.
- 3.0 Additional features of the contract such as immunisation programmes, physiotherapy, etc. will be charged to service users, as is current practice.
- 4.0 The provision and extension of the physiotherapy service has been recognised as a significant feature in returning employees to work following muscular skeletal conditions. The service works in co-operation with both the Occupational Health Adviser and the NHS to facilitate the most appropriate treatment for the individual.
- 4.5 Revised charges for this physiotherapy service will require an increase to £31 in Year 1, £32 in Year 2 and £33 in Year 3 per appointment. The current charge is £28.20.

5. LEGAL & POLICY IMPLICATIONS

- 1.0 The recommendation to accept this provision of an Occupational Health Service will assist the Council in meeting its statutory obligations and Scottish Executive Key Performance Indicators.
- 2.0 The joint provision contributes to the achievement of the Scottish Executive's Shared Services Agenda and will lead to a more efficient service provision, enhancing the health and wellbeing of employees delivering services to the community.
- 3.0 The proposals contained in this report will allow the Council to meet its statutory obligations under the Health & Safety at Work etc Act 1974 and the relevant statutory provisions made there-under.

6. RECOMMENDATION

- 1.0 The Committee is asked to approve: -
 - a) the proposal that Associated Health Specialists Ltd be appointed as the provider of Occupational Health services to the three Ayrshire Councils;
 - b) the appointment of Associated Health Specialists Ltd as the provider of Occupational Health services to East Ayrshire Council pending the new joint contract on 14 May 2007; and
 - c) the amended charges for physiotherapy appointments

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Background Papers

Integrated Service Delivery and Governance Modelling Project
Occupational Health Services - Report to Steering Group